

JPRS-SEA-88-004  
8 FEBRUARY 1988



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# ***JPRS Report***

## **East Asia**

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***Southeast Asia***

# East Asia Southeast Asia

JPRS-SEA-88-004

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### **Rabuka Remains 'In Firm Control'**

42000157c Kuala Lumpur *BUSINESS TIMES* in English 8 Dec 87 p 17

[Text] Suva, Mon.—Fiji's army commander, Brigadier Sitiveni Rabuka, will remain in firm control of the South Pacific island chain despite a return to civilian rule after eight months of turmoil, military sources said today.

Rabuka, who stepped down as Head of State yesterday, would retain control of security forces as Minister for Home Affairs in the new Government of Prime Minister Ratu Sir Kamisese Mara, they said.

Mara, who led the country for 17 years from Fiji's independence from Britain until elections last April, has yet to name his Cabinet, expected to be dominated by members of his Alliance Party.

### **Domination**

Rabuka, who took power after two coups, moved swiftly to dismantle the 22-member military council which had ruled Fiji since his second coup on Sept 25.

The sources said the 39-year-old brigadier's move was aimed partly at curbing growing influence of the extremist indigenous Taukei Movement which was behind disturbances before the coup.

About one-third of Rabuka's military council were members of Taukei, which wants political and economic domination for indigenous Fijians over ethnic Indians who slightly outnumber them in the 714,000 population.

Rabuka has warned Taukei leaders against any violent protest against the new civilian Government. He named former Governor-General Ratu Sir Penaia Ganilau as the first president of his newly-created Fijian republic.

Taukei leaders criticised Rabuka's decision to give up political control before his promised new Constitution to ensure political supremacy for indigenous Fijians.

A Taukei leader, who declined to be named, said: "There is no guarantee that the Constitution will be changed to meet the aspirations of the movement and the Fijian people generally."

Four Supreme Court judges appointed under the military administration were given termination notices to allow Mara to install an independent judiciary, the sources said.—Reuter

### **President Ganilau's Comments on Constitution**

42000167c Suva *THE FIJI TIMES* in English 7 Dec 87 p 2

[Text] Fiji should have the best possible constitution that could be devised, the first president of the Republic of Fiji, Ratu Sir Penaia Ganilau, said on Saturday night.

Speaking on national radio soon after his appointment was announced by Brigadier Sitiveni Rabuka, Ratu Sir Penaia said he had accepted the offer of presidency because he was satisfied that the new constitution would be acceptable to him.

Both he and Brigadier Rabuka agreed on the maximum requirements to protect the interests of the Fijian people.

These requirements may be reflected in a number of ways, he said.

Experts would have to go on working on the details of the new constitution, he said.

He warned those who "may seek to cause unrest in the future". They would not be helping Fiji.

"We must set ourselves firmly against violence, hatred and disorder," Ratu Sir Penaia said.

"Everyone should now know that the leaders of Fiji desire a return to parliamentary democracy and the re-establishment of the link with Her Majesty the Queen."

Brigadier Rabuka has pledged his "complete support and loyalty" to Ratu Sir Penaia and has offered to serve him and the country in any way he might ask.

"It is the right time for me to stand down as our head of state and to hand over to Ratu Sir Penaia Ganilau whom, I believe, all the people of Fiji trust and who is best suited to bear the heavy burden of leadership in the return of Fiji to normality," he told the nation in a radio broadcast on Saturday night.

He said he was not abandoning his cause but was confident that Fiji was now on the right course.

The new constitution would ensure that the "indigenous Fijian interests" were protected.

Civilian rule was vital to enable the economy to pick up and for investors both in Fiji and abroad to have confidence in Fiji.

Brigadier Rabuka said he hoped that Ratu Sir Penaia would work towards restoring the "historic link" with the British Crown.



**President Ganilau Called 'Unassuming Man,'  
'Kindly High Chief'**

42000157a Kuala Lumpur BUSINESS TIMES in  
English 7 Dec 87 p 6

[Text] SUVA, Dec 6—Fiji's Ratu Sir Penaia Ganilau, on Saturday appointed the first president of the republic of Fiji, is an unassuming man who was thrust unwillingly into the international spotlight by the military coups this year.

Sir Penaia had kept in the background of public life after his appointment as governor-general in February 1983, fulfilling his ceremonial duties as Queen Elizabeth's representative in the island.

But in the aftermath of the first coup in May, the nation looked to this kindly high chief for leadership as the only non-political figure left in the democratic process.

The first action of the 69-year-old native Fijian was to declare a state of emergency which the rebel forces ignored.

As Sitiveni Rabuka (then a lieutenant-colonel but now a brigadier) increased his hold on power, Sir Penaia saw the only way to guarantee the continuation of democracy was to compromise with the military leader.

Sir Penaia headed the interim government, which included Mr Rabuka. He had set out a complicated constitutional plan guaranteeing the indigenous Fijian population increased political rights, eventually leading to free elections.

The new president's resignation as governor-general, accepted by Queen Elizabeth on October 15, came after months of constitutional turmoil and Mr Rabuka's declaration of a republic in Fiji after staging his second military coup on September 25.

Sir Penaia, born on the island of Taveuni on July 28 1918, entered the civil service as a clerk in the British colonial secretariat after leaving school in 1937. He served in a Fijian infantry regiment during world war two, achieving the rank of captain.

After the war he was selected to attend a two-year course at Oxford University and on his return was appointed an administrative officer in the Fiji civil service.

He rejoined the army in 1952 and served in Malaya where he became a battalion commander and was awarded the distinguished service order.

On his return he rejoined the civil service and in 1961 became a member of Fiji's legislative council. In 1965 he was appointed minister for Fijian affairs and became a Cabinet member in 1967.

He held various ministerial posts after independence in 1970 and was deputy prime minister to Ratu Sir Kamisese Mara of the Alliance Party from 1973 until his appointment as governor-general. He was knighted in 1983.

A stocky man of medium height who was formerly a keen rugby player, Sir Penaia is paramount chief of the Cakaudrove region near Suva and one of the "big three" chiefs, with Sir Kamisese and former governor-general Ratu Sir George Cakobau.—Reuter

08309

**Oxford-Educated PM Ratu Sir Kamisese Mara**

42000157b Kuala Lumpur BUSINESS TIMES in  
English 7 Dec 87 p 6

[Text] Suva, Dec 6—Ratu Sir Kamisese Mara, yesterday appointed first prime minister of the Republic of Fiji, is a well-loved high chief who ruled the South Pacific island state during its first 17 years of independence.

Sir Kamisese, 57, the first Fijian to graduate with a master's degree from Oxford University, dominated Fijian public life for 20 years until April's general election when his alliance party was defeated by the ethnic Indian-dominated National Federation/Labour Party coalition.

The election victory triggered the first of two coups by Lieutenant-Colonel Sitiveni Rabuka, who has since been promoted to brigadier.

Sir Kamisese took the foreign affairs portfolio in the Council of Ministers, an interim administration set up by Mr Rabuka under the leadership of Governor-General Ratu Sir Penaia Ganilau.

Sir Kamisese's high standing among his fellow ethnic Fijians was demonstrated soon after the coup when a silent crowd, watching members of the Council of Ministers arrive, broke into rapturous applause when the imposing figure of the paramount chief came into sight.

After the second coup in September, Sir Kamisese played no part in Government which was in the hands of a 22-member army council headed by Mr Rabuka.

Sir Kamisese, who is regarded as incorruptible, has always preached multi-racialism and is respected by the Indian community.

He led the pre-independence council of ministers and was named prime minister on independence in 1970, one year after he was knighted by Queen Elizabeth.

Sir Kamisese studied medicine at Otago Medical College in New Zealand before deciding his future lay in public service.

After Oxford, he studied economics and development at the London School of Economics.

He joined the colonial service in London in 1950 and returned to Fiji as an administrative officer, rising to the position of deputy secretary of foreign affairs.

Sir Kamisese became a member of the then legislative council before being appointed Fiji's first chief minister in 1967.—Reuter

08309

#### **Report on Sugar Production**

42000167d Suva THE FIJI TIMES in English  
7 Dec 87 p 5

[Text] Rarawai Mill has ended its crushing season producing 101,000 tonnes of sugar from 751,000 tonnes of cane.

The outgoing general manager of the mill, Mr Narayan Prasad, tipped in the last cart of cane at about 1.15pm on Saturday.

The last grains of sugar for the season were produced nine hours after the cart was tipped in.

As the load of cane slid into the crushers, the mill and the locomotives began blaring their whistles which traditionally mark the end of the season.

Mill workers organised a small ceremony to farewell Mr Prasad.

They pushed the last cart of cane from the weigh-bridge to the tipping centre, with a garlanded Mr Prasad walking in front surrounded by other employees.

At the cane carriage Mr Prasad operated a lever which automatically tipped the cart sideways, sending the cane sliding down.

There were loud cheers and clapping and mill workers shook hands after having worked together for another crushing season.

This year's crush at Rarawai included 63,000 tonnes of cane sent in from Lautoka. Last year Rarawai sent 50,000 tonnes of its cane to Lautoka.

Last year Rarawai had a crop of 1.204 million and produced 150,000 tonnes of sugar.

But this year the mill took 7.43 tonnes of cane to produce a tonne of sugar, an improvement from last year when it took 8.04 tonnes of cane for a tonne of sugar.

Mr Prasad said the improved ratio came because of the late harvest this year, which allowed cane to mature better, and the weather patterns.

But the drought reduced the total tonnage of crop, he said.

The mill has taken in all cane available for crushing from Ba and Tavua.

Mr Prasad said recent rains had allowed cultivation and planting to begin, and whatever was planted now could be harvested next year.

"There are varieties which mature early and we will be trying to concentrate on that," he said.

There was also a lot of cane in the ground which would be ready for harvesting at normal starting time next year, he said.

He said some of the standing cane seen around the farms was seed cane preserved by the farmers on the advice of field officers.

On mill performance, Mr Prasad said the weekly crush at Rarawai this year was the second best for the last five years.

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**IMF Terms Macroeconomics Policy Key to Exports Expansion**

42000175b Kuala Lumpur *BUSINESS TIMES* in English 14 Dec 87 p 1

[Article by Loh Sook Wan]

[Text] The expansion of Malaysia's export base over the last 20 years was due more to the overall macroeconomics policy rather than on sector-specific incentives, a report by the International Monetary Fund (IMF) said.

The report said there is only weak evidence that the long-run development of the manufacturing export sector depended on explicit incentives.

The report, published in the IMF August 1987 edition of staff studies on world economic and financial outlook, was based on a review of Malaysia's economic performance from 1964 to 1981.

Compared with industries with explicit incentives such as pioneer status where tax holidays are granted, the local manufacturing export sector performed even better.

It is estimated that industries with pioneer status only export about 14 per cent of their output while the manufacturing sector exported at least 20 per cent of its output.

The report identifies Malaysia's macroeconomic policies as the key in providing a conducive environment for investments, particularly new export-oriented activities, to take place.

It noted that Malaysia had traditionally adopted cautious fiscal, monetary and income policies.

However, the report said the introduction of limitation on foreign investments since the mid-1970s had slowed down the growth of the manufacturing sector.

The substitution of public for private investment in the early 1980s is estimated to have reduced the efficiency of investment, as measured by incremental capital-output ratio.

However, current export diversification efforts are found to have widened Malaysia's scope of production.

According to the report, the Government's policies have tended to be biased towards the industrial sector. The impact of sector-specific policy on agricultural diversification has been marginal, with Government mainly providing infrastructure, extension and marketing services.

On the other hand, the manufacturing sector has benefited from a wide variety of incentives ranging from tax holidays to subsidisation of electricity to provision of export credit refinancing facilities.

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**Encroachment by Thai Fishermen Reported Increasing**

42000175a Kuala Lumpur *NEW STRAITS TIMES* in English 13 Dec 87 p 6

[Article by Jaafar Mohamad]

[Text] Kuala Terengganu, Sat.—Encroachment by Thai fishermen into Malaysia's exclusive economic zone (EEZ) has increased despite the harsh penalties imposed by the authorities.

Fisheries Department figures show that the number of Thai fishermen arrested and convicted up to November this year jumped by 50 per cent compared with last year's figures.

There has also been a substantial increase in the number of foreign fishing boats being confiscated.

Last year, the State Fisheries Department's enforcement unit apprehended and confiscated a total of 24 Thai fishing boats and rounded up 210 Thai fishermen, according to sources from the department. Total fines came up to more than \$1.5 million and all the Thai fishermen went to prison in default.

From January to the end of November this year, the sources said that 532 Thai fishermen had been arrested and brought to court. The total fines came up to \$3.5 million.

The taikongs (head fishermen) normally face a higher penalty and the accumulated fines recorded by the department up to end of November stood at \$1.69 million.

So far this year, only one taikong paid his fine which came up to \$36,200. He was released while his crew went to prison.

**Artificial Reef**

All told, Thai fishermen including their taikongs, owed Malaysian authorities a total of \$6.75 million in accumulated fines for 1986. This year, the State Fisheries Department only made \$55,303 from auction of the confiscated haul.

Authorities from the department could have made more if the confiscated Thai boats could also be auctioned off or sold.

However, the present policy dictates that the boats must be sunk so that they become *tukun tiruan* or artificial reef for fish. So far, the department has sunk 14 confiscated Thai boats.

The State's fisheries personnel and politicians are hard put in finding ways to make the Thais pay their fines.

Most of the Thai fishermen, who were arrested off Terengganu's coast, are now in Pengkalan Chepa prison in Kota Baru and prison authorities there spend at least five ringgit daily on each of them.

The State deputy chairman for the Committee on Agriculture and Fisheries, Haji Ahmad Kasim Endut, declined to elaborate on the matter but said that authorities concerned should find ways to solve the problem.

Meanwhile, Thai fishermen continue to encroach into the EEZ. They are also getting smarter.

Many Thai *taikongs* are employing young boys as fishermen. If they are caught fishing in the EEZ and brought before the court, it will have to release them because they are underaged.

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**Country Urged To Join Cotton Advisory Group**  
42000174a Kuala Lumpur NEW STRAITS TIMES in  
English 11 Dec 87 p 17

[Article by Ong Saw Lay and S. Durga Varma]

[Text] The Washington-based International Cotton Advisory Committee (ICAC), which views the proposed US move to curb textile and apparel imports as counter-productive, says Malaysia should join the ICAC and use it as a forum to protest against protectionist measures.

ICAC executive director Lawrence H. Shaw said by becoming a member, Malaysia could thrash out problems relating to market access at the ICAC plenary meetings with the US, a leading ICAC member.

"The ICAC feels that any kind of restriction is not the right step towards free and fair trade and is not likely to be in the interest of anyone in the long run."

Mr Shaw, who is here on a one-day visit to persuade the Malaysian Government to join the ICAC, said it was timely for Malaysia to join following the increasing importance and growth of the textile industry.

"It is vital for Malaysia to be in constant contact with the other countries and come face to face with both producers and consumers to work out solutions for greater market access."

### Important Issues

The ICAC comprises 44 member Governments having an interest in the production, export, import and consumption of cotton. It also has consultative status with the United Nations.

The body was formed in September 1939 at a time when stocks of cotton had reached nearly 25 million bales, of which over half were located in the US.

Mr Shaw's visit is part of his tour of the Asia-Pacific region, including to five of the six-member Asean countries in an effort to convince their Governments of the advantages of joining the committee. He flew in from Indonesia yesterday.

Mr Shaw said Asean could speak in a powerful singular voice if its member nations joined the ICAC as a group.

He said Indonesia had indicated interest in joining and was confident that Thailand, which was experiencing rapid growth in its textile industry, would also respond positively.

Mr Shaw said the ICAC, which espouses a free trade ideology, would accelerate its efforts to strive for a freer and fairer access to markets.

He said the US, at a recent ICAC plenary meeting, had argued that the move to curb imports was in the interest of its local manufacturers.

"The US argues that it has dealings with at least 150 countries in the textile trade and if it is to give one per cent to each of the 150 nations, there would not be anything left for the local industry."

He said the ICAC would provide the forum for discussions which could either directly or indirectly influence the results of negotiations within the General Agreement on Tariffs and Trade (GATT) and direction in textile trade upon the termination of the Multi-Fibre Arrangements (MFA) of various countries with the US by 1991.

The US is the world's largest exporter of cotton and contributes 30 per cent of world trade in raw cotton. It is also the largest contributor to the ICAC, followed by the Soviet Union and Japan.

If Malaysia agrees to join, it will only have to subscribe about US\$11,000 (\$27,500) a year as contribution to the committee based on the committee's budget, 40 per cent of which is shared equally among the member countries while the other 60 per cent is based on the average volume of trade in cotton of the country.

Mr Shaw said the ICAC standing committee, which meets six times a year, would highlight two important issues when it meets in Washington next month.



"We will discuss what measures the member-producing countries can take to eliminate the problem of contamination in cotton which has become increasingly serious to consumer nations.

"We will also discuss the role of the committee in supporting the promotional work carried out by the International Institute for Cotton and the possibility of setting up a finance plan to support the institute's promotional campaigns."

The institute was formed in the 1960s to promote and expand the demand for cotton from time to time.

Last year, Malaysia's textile exports totalled US\$1.7 billion of which about US\$300 million entered the US market.

Malaysia's textile industry is the second most important in the manufacturing sector after electronics and electrical, and employs about 14 per cent of the country's manufacturing workforce.

Apart from the US, Malaysia's textile markets include West Germany, Hong Kong, France, United Kingdom, Japan and Singapore.

Mr Shaw said the ICAC projected global cotton production to reach 82.5 million bales next year from about 76 million bales this year.

Consumption of cotton would see a slight increase to 81.9 million bales from 81.7 million this year, he added.—Bernama ES

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**Petronas Exploration Budget Announced**  
42000174c Kuala Lumpur BUSINESS TIMES in  
English 12 Dec 87 p 14

[Text] Petronas production sharing contractors are expected to spend about \$383 million on exploration next year, chairman Raja Tan Sri Mohar Raja Badiozaman said.

This will be slightly more than the minimum \$320 million commitment from the seven production sharing contracts (PSCs) signed this year.

For next year, 21 exploration wells including one land well, and about 37,100 line kilometres of seismic data are planned and the national oil corporation intends to sign at least seven more PSCs.

"However, at the rate companies are coming to inspect our data, we may well exceed that number," Raja Mohar said.

This year, seven PSCs were signed. These were for blocks PM1, PM10, SK1, SK7, SK10, SK14 and SB1, covering an acreage of 80,451 sq kilometres netting in financial commitment from contractors of about \$320 million.

The national oil corporation yesterday closed a year of fruitful upstream ventures by signing its seventh and last PSC for the year.

**Significant Growth**

The PSC was signed with Sun Malaysia Petroleum Company, Champlin Malaysia Incorporated and Petronas Carigali Sdn Bhd for block PM1 which measures 37,500 sq kilometres, located at the north-west portion of the Straits of Malacca.

The PS contractors have made a minimum financial commitment of \$23.75 million for the four wildcat wells; 2,500 line kilometres of new seismic data acquisition and processing; and reprocessing of 1,000 kilometres of old seismic data.

Raja Mohar signed for Petronas while president of Sun Malaysia Mr R.L. George and chairman of Champlin Malaysia Mr W.L. Adams represented their companies respectively. Chairman Datuk Rastam Hadi signed for Petronas Carigali.

Speaking at the signing ceremony in Kuala Lumpur yesterday, Raja Mohar said Petronas was looking forward to significant growth in the petroleum growth in the petroleum industry with a wave of new exploration activities in new areas.

A matter of immediate concern and challenge to the oil industry is how to enhance oil recovery techniques as presently, for every barrel of oil produced, at least two barrels remain in the ground.

Even in the "best" reservoir and with good reservoir management, less than half of the oil originally in place is recovered by conventional techniques.

"The economic recovery of additional oil using new and enhanced techniques represents an enormous technical challenge—for us at Petronas and for our PSC contractors."

Raja Mohar attributed much of Petronas' success in concluding a record number of PSCs despite low crude oil prices and cutback in exploration budgets worldwide to the expert guidance of Datuk Rastam.

Datuk Rastam said later this year was an exciting one for Carigali as it has acquired a dozen new foreign partners who will during the next five years be doing exploration work over seven contracts, adding that Carigali would learn much from these ventures.

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**Unemployed University Graduates Urged To Join Armed Forces**

42000174b Kuala Lumpur NEW STRAITS TIMES in English 11 Dec 87 p 10

[Text] Penang, Thurs.—Unemployed graduates should shed their traditional view of the Armed Forces and join up.

State MCA Youth leader Dr Tan Chong Keng said besides having an interesting career, the graduates would have the opportunity to serve the nation.

"There are many opportunities in the Armed Forces for graduates of all disciplines."

Dr Tan made this call following the disclosure by Defence Minister Tengku Ahmad Rithauddeen that the Armed Forces was short of about 1,300 officers at various levels.

Speaking at the Dewan Negara on Tuesday, Tengku Rithauddeen said the army has 990 vacancies, the Royal Malaysian Air Force 237 and the Royal Malaysian Navy 137.

Dr Tan said the Ministry should launch a campaign to inform the public on the job opportunities in the Armed Forces.

"A publicity campaign is necessary to educate the various races on the Armed Forces and transform the traditional attitude towards the profession."

He said once an awareness is created, there would be little problem in recruitment.

He hoped the Armed Forces would use the mass media to create interest among youths on pursuing careers in the Armed Forces.

Dr Tan said talks would be held for MCA members or their children to encourage them to join the Armed Forces.

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**Officials Downplay Value of Detection Gear to ANZUS Dispute**

42000179d Auckland THE NEW ZEALAND HERALD  
in English 14 Dec 87 p 16

[Text] Defence experts do not believe that revelations about nuclear warhead detection equipment offer any hope of an end to the Anzus row with the United States.

After the summit in Washington the Soviet leader, Mr Gorbachev, revealed the technological "breakthrough."

He said the Soviets could make the technology available if the two superpowers agreed on limiting sea-launched missiles.

Some observers in Washington then suggested that New Zealand could use it to overcome the argument over warship visits to New Zealand.

The Minister of Defence, Mr Tizard, said yesterday that the idea of verification could interest the Government: "We won't dismiss it out of hand."

Government and defence officials do not comment on the availability of equipment which can read emissions from nuclear warheads.

But a defence expert said yesterday: "The ability to detect emissions is nothing new."

Emissions from warheads have their own "fingerprint," but because they are so low-powered detection normally needs to be from close at hand.

The Swedish Navy during the 1980s satisfied itself that a grounded Soviet submarine in its waters was carrying nuclear warheads and later that a submarine it shadowed was free of nuclear warheads.

Anti-nuclear lobbies and defence commentators have long believed that such equipment is used by the Australia New Zealand military intelligence staff based to the north of Singapore Island.

The unit notes Soviet naval movements through the Singapore straits.

Government and defence officials in Australia and New Zealand refuse to comment on the unit.

Defence officials do not believe that such equipment could be used to overcome the American and British insistence of neither confirming nor denying whether their vessels are nuclear armed.

The equipment, they say, would not be foolproof.

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**Reserve Bank Finds Government Monetary Policy Fails To Hold Prices**

42000179b Auckland THE NEW ZEALAND HERALD  
in English 14 Dec 87 p 5

[Text] A Reserve Bank study has found that manufacturers are still setting their prices on a "cost-plus" basis, despite deregulation and reduced protection against imports.

This surprising finding leads the author, Mr Simon Chapple, to conclude that the Government's tight monetary policy has failed to hold down prices directly by dampening consumer demand.

Instead, he concludes that the policy has worked only by pushing up the exchange rate, and so cutting the cost of imported components and raw materials.

On the other hand, he also concludes that high interest rates do not appear to have pushed up prices, through their effect on manufacturers' costs. This inflationary effect may have been offset by the deflationary effect of cheaper imports.

The study is published by the Reserve Bank, with a disclaimer stating that its opinions are Mr Chapple's and not the bank's.

It is based on predicting what prices would have been if manufacturers had simply added a constant mark-up to the costs of labour, materials, services and imports.

It finds that prices tracked almost exactly along the path that would have been predicted by cost increases between 1977 and 1985, except when prices fell below the predicted level during the 1982-83 price freeze.

But since deregulation in 1985, prices have actually risen faster than cost increases would have predicted.

Thus Mr Chapple concludes: "There is no evidence that deregulation over the 1984-86 period has made New Zealand manufacturers price more competitively."

He then considers whether this result is because the study did not include interest as one of the costs in the pricing formula.

But he finds that including interest costs would not have helped to predict the actual prices at all.

The conclusion is surprising: "It would appear that interest rates have no significant effects on industrial prices on the cost side over the 1976-86 period."

Next, Mr Chapple asks whether consumer demand had an effect on prices, as the tight monetary policy assumed. It was possible that prices stayed high in 1985-86 only because consumer demand remained buoyant, especially before the introduction of the goods and services tax in October 1986.

But again, he concludes that "demand effects do not appear to have a systematic effect on prices."

Finally, he tests whether the price of imported goods competing with local manufactured goods has an effect on the prices of the local goods, and again finds no relationship.

He concludes that local products must be so distinct that foreign goods are seen as poor substitutes, giving local producers an effective oligopoly in the market.

This means that the only way a tight monetary policy can bring down inflation is by pushing up interest rates, attracting foreign capital into the country and so pushing up the exchange rate, and lowering import costs.

It also means that the policy will increase unemployment, by making exports uncompetitive and encouraging imports.

In theory, the policy is aimed at sustaining employment by forcing manufacturers to cut their profit margins and boost efficiency.

But Mr Chapple finds that there is no evidence that profit margins have been cut. Instead, employment has borne the brunt of the cost squeeze.

He considers that New Zealand industrial prices are still determined by a standard mark-up on costs, and that the mark-up may even have risen since deregulation.

He offers two tentative explanations.

First, companies may have been able to get away with higher mark-ups as a result of increased mergers and "collusion" in an attempt to beat off actual or expected foreign competition.

Second, the composition of industrial output may have shifted towards industries with higher mark-ups.

But he says no firm conclusions on either possibility can be drawn until further studies are undertaken.

/06091

### **Editorial Cautions Auckland on Risk in Supporting ANC Violence**

42000179a Auckland THE NEW ZEALAND HERALD in English 8 Dec 87 p 8

[Editorial: "New Zealand and the ANC"]

[Text] New Zealand has made no secret of support for the African National Congress and its fight to overturn apartheid and substitute a power-sharing democracy. That is hardly radical. Many governments recognise the 75-year-old political organisation as the practical representative of the black South African majority.

Denied access to a negotiating table, the ANC has inevitably turned to armed struggle. That is not strictly radical, either—although all violence may be regretted. A New Zealand pledge of support for that struggle is, however, a risky advance.

To support a cause is one thing. To support violent means—even when there is an understanding of why it has been adopted—is another. Such support today may evolve into a military adviser tomorrow and a signals unit the next day. The world sees quite enough of military interference in the affairs of other nations and its debilitating outcome.

New Zealand's role is clear. It should continue to promote the legitimacy of the ANC in the interests of a peaceful solution in South Africa. To that end the High Commissioner in Zimbabwe might more usefully use his office to bring ANC and white South African community leaders together, as he has done previously, than risk dragging this country into an unfortunate violent conflict.

/06091

### **Official Urges Government To Restore Export Incentives**

42000179f Auckland THE NEW ZEALAND HERALD in English 15 Dec 87 p 18

[Text] The Government should slow down its non-interventionist economic policies, says Mr Ian Landon-Lane, who retired last week as the regional director of the Department of Trade and Industry in Auckland.

It is time for the Government to restore some export incentives to keep exporters in business, he says.

Mr Landon-Lane supports the Government's economic direction but says it is now time for a "temporary slowing" in a number of areas.

The adjustment is needed, he says, so that the Government does not spoil "the correction process."

While he is not in favour of export subsidies, he believes that existing exporters need help for perhaps a three-year transition.

Straight subsidies would not be in keeping with the General Agreement on Tariffs and Trade (GATT), so he would like to see a bounty on manufactured exports or a taxation rebate.

He says exporters are going out of business because of the effects of the rise in the value of the New Zealand dollar and the loss of export incentives.

If exports are lost, it can also affect production for the domestic market and cause the laying-off of skilled people.

Mr Landon-Lane says that in the event of an upturn in the world economy, New Zealand could lag three years behind the rest of the world if it lacks the resources in people.

"Somewhere along the line, the country must be prepared to compromise its principles for a limited period, as a means of retaining production," he says.

He does not favour extending incentives to new exporters, however.

They should make the decision as to whether to export or not in light of "current conditions."

He appreciates that this would not be "completely fair."

But he says support for existing exporters would safeguard the considerable investment the Government previously made to establish non-traditional exports.

Mr Landon-Lane has twice been Auckland regional trade and industry director, and he has been New Zealand Ambassador to Chile and Brazil.

He has had a number of overseas postings and has represented New Zealand as trade commissioner in Peru, Chile and San Francisco.

The new regional director has yet to be announced.

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#### Editorial Analyzes Pace of Policies, Legislative Proposals

42000179e Auckland THE NEW ZEALAND HERALD in English 15 Dec 87 p 8

[Editorial: "Remaking the Running"]

[Text] Momentum is as important as direction in politics and the present Government understands that better than most. Far from inducing the "speed wobbles"

fear by the Deputy Prime Minister in the Administration's first year, the pace set by Mr Douglas probably did more than his actual policies to build the favourable wave for re-election this year.

After the election the pace seemed to flag somewhat. Mr Douglas' efforts were largely engaged in holding course through the turbulence of the Labour Party conference and the stock-market slump. That he has done, loosening monetary policy no more than diminished share-market activity would permit and rightly ignoring those too ready to claim that the crash—fundamentally the global market's expectations of United States fiscal indiscipline—shows markets are not wise, after all.

But hesitation in the pace of domestic market reform may have been more apparent than real. Last week, in Parliament's usual end-of-year flurry, a stack of new bills emerged to give evidence of some months of earnest and quiet work. The monumental change proposed to state employment privileges is only the most unexpected measure in the pile.

There is also the removal, at last, of price and ownership controls on internal oil distribution; the dental profession loses some protection; and, more tentatively, the waterfront is to be given the corporate treatment without much legislative attention to labour practices. On other fronts the Government has produced its measure to give drug addicts a free needle exchange in the name of containing the Aids disease. And, perhaps most far-reaching of all, the Waitangi Tribunal is poised to receive statutory powers of decision on Maori claims for land held by crown corporations.

The various bills have been tabled in time to give the public and many lobbyists much to chew over the summer recess. That timing will be no accident. Doubtless the Government painfully recalls what happened last summer when it closed shop and left the political market to its opponents. Doubtless too, it is troubled to find another Christmas brings tidings of a hefty foreign loan sought by those under the sponsorship, if not this time acting in the name, of the Maori Affairs Department.

Whatever the motive, the emergence of a goodly feast of legislative proposals is not to be decried. They should quickly be accompanied by firm proposals on taxation and tariffs of the kind to reassure sluggish equity markets that the Government has not varied direction, and it is not about to slacken pace.

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**Japanese Claim PNG 'Suspicion' Blocks Aid**  
42000189b Port Moresby PAPUA NEW GUINEA  
POST-COURIER in English 3 Dec 87 p 2

[Article by Blaise Nangoi, Tokyo]

[Text] Japan's offers of aid are being treated with suspicion by Papua New Guinea, a Japanese politician told me this week.

Mr Yoshiyuki Tohya, a member of Japan's House of Representatives and Secretary-General of the PNG-Japan Parliamentary League, made the feeling clear in an interview in Tokyo.

He said the suspicion was based on opinion in Papua New Guinea that Japan was an "aggressor" because of the part it played in World War II. PNG Members of Parliament promoted this mentality, leading to Papua New Guinea refusing some forms of aid.

Mr Tohya said the attitude was based on the suspicion that Japan was trying "to dominate your country's economy".

This was a misconception, he said, and he appealed to PNG to consider Japan's offers of help "seriously and on merits".

Japan's aid to PNG and other Third World countries was based on its philosophy of helping nation-building, fostering friendship and stability in the international community, he said.

He would not specify the offers PNG was alleged to have turned down.

He said that Japan wanted to alleviate the suspicions and, to that end, a delegation of Government and Opposition politicians from Japan would visit Papua New Guinea next month.

Mr Tohya said Japan's desire to help should be kept "above politics". His country had no designs on PNG politically or economically.

**Fishing Accord Faces Problems**

The Japanese Government will not enter into a fishing agreement if PNG insists on higher fees from Japanese fishermen.

I was told this in Tokyo by the assistant director of the International Fisheries Agency, Mr T. Matsuoka.

If there was ever another fishing agreement, PNG must be prepared to accept fishing fees equivalent to those paid up to the time when the previous agreement was discontinued in March, he said.

Mr Matsuoka said the Japanese government sympathised with its fishermen's view that the PNG Government's demand for 10 per cent higher fees was "unjustified".

If PNG wanted Japanese fishermen to return to PNG's 200-mile economic zone, it must agree to reach a compromise that would benefit both countries.

Unless that happened, he cautioned, Japan would not go through with any fishing negotiations.

/06662

**Minister Reveals Reason for Sacking Defense Commander**  
42000189g Port Moresby PAPUA NEW GUINEA  
POST-COURIER in English 22 Dec 87 p 2

[Article by Frank Senge]

[Text] Former Defence Commander Tony Huai had been a bad administrator, Defence Minister Mr Pokasui said yesterday.

Mr Pokasui told the POST-COURIER that the media had not told the full story of why Brigadier Huai was sacked by the Government last Tuesday.

He said the media had played up on allegations of the brigadier's dealings with Indonesian army chief Benny Murdani far too much.

It was Mr Pokasui who recommended Brigadier Huai's sacking in a Cabinet submission.

Yesterday the Minister revealed exclusively to the POST-COURIER that discipline among the senior officers in the force had been allowed to deteriorate to a level where it had started to affect the troops.

There had been infighting and professional jealousy between divisional heads, the Minister said.

When a position became vacant officers lobbied their politicians to be appointed to the post, he said.

The Minister said it should have been the commander's job to bring these people in line.

"He (Huai) hasn't disciplined the officers. Don't warn them three or four times. Warn them once. If they don't obey, sack them," Mr Pokasui said.

"There is no place for infighting in the defence force. People in the force should be promoted on merit.

"I will not allow senior officers to lobby support from any of their political representatives. I am the only political representative in the defence force.



"Performance is what I will be looking for whilst here."

Mr Pokasui said, however, that Brigadier Huai's Indonesia dealings had been part of the reason why he was sacked.

It is alleged that the brigadier made an unauthorised trip to Indonesia and received gifts of lounge chairs from General Murdani.

He is also alleged to have leaked a vital clause in the Joint Declaration of Principles between Australia and PNG relating to defence arrangements between the two countries.

Mr Pokasui said there would not be any investigation into the allegations as the man responsible had been removed.

"He is out. It's a dead issue," he said. He did not, however, rule out the possibility of an outside investigation such as one ordered by the Prime Minister.

/06662

**Pangu Party Votes To Keep Somare**  
42000189e Port Moresby PAPUA NEW GUINEA  
POST-COURIER 7 Dec 87 p 1

[Article by Frank Senge]

[Text] Michael Somare has been re-endorsed as leader of the Pangu Party and alternative Prime Minister.

The decision by the 22-member parliamentary caucus was especially influenced by a general agreement to put a vote of no-confidence in the Wingti Government next March, according to a source close to the party leadership.

If the no-confidence vote failed, Mr Somare would resign on June 13, the 21st birthday of Pangu Party, he told the caucus.

During the meeting Kokopo MP Rabbie Namaliu was re-endorsed as deputy party leader.

Mr Somare announced during the last sitting of Parliament that he would step down as leader at the beginning of next year, but did not name a date.

That decision was due partly to pressure from Mr Namaliu, who confronted him on the leadership issue and threatened to step down unless he did.

It is understood the re-endorsement of Mr Somare is the result of the very close vote for the Speaker's chair last week.

During the first vote Government nominee Dennis Young and Opposition nominee Brown Sinamoi tied at 48-48. In the second vote Mr Young won by four votes.

At least 14 Government members voted with the Opposition. Five Opposition members were absent.

At present the Government claims a majority of 15 members but its performance in the vote for Speakership has shaken it deeply.

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### Proposed Legislation on Press Criticized

**Newspaper Managers Comment**  
42000188 Port Moresby PAPUA NEW GUINEA  
POST-COURIER in English 27 Nov 87 p 1

[Text] The general managers of the nation's two daily newspapers reacted strongly yesterday against the Government's proposal to licence the Press.

Don Kennedy, from the POST-COURIER, said it was a scheme unknown—and in many cases constitutionally prohibited—in other democratic countries.

"It is an infringement of the traditional freedom of the Press," Mr Kennedy said.

"This is the sort of legislation which you would expect to find under a dictatorship, and not in a democratic country like PNG.

"Despite Government assurances that freedom of the press would not be interfered with, such a proposal provides a mechanism by which control of the Press can be "implemented". [punctuation as published]

Niugini Nius's Russell Wilkes said: "To my knowledge this type of licence, as far as newspapers are concerned, does not exist in other parts of the free world.

"I can see no reason why this restriction should be introduced into this country, as it has always enjoyed a free Press expressed by private enterprise newspapers in competition with one another.

"This competition has prevented abuse by any single group in unduly and unfairly influencing public opinion in PNG."

**Opposition Comment**  
42000188 Port Moresby PAPUA NEW GUINEA  
POST-COURIER in English 30 Nov 87 p 1

[Text] Opposition leader Mr Somare says the Government's proposed media licensing legislation is "suppressive and dictatorial".

He told Parliament the legislation would prohibit freedom of expression through publications, the electronic media and at assemblies.

Mr Somare said the proposed legislation contravened Section 46 and 51 of the Constitution, and promised that the Opposition would oppose it.

"This proposed legislation is an indication of the current political trend in this country," he said, "a trend towards guided democracy...a trend towards dictatorial government."

"Next they will be legislating against unionism and workers' rights in this country. The trends are frightening when you even just contemplate developments based on current decisions and policy statements."

The trade union movement also reacted strongly to the proposed media legislation.

Trade Union Congress general secretary Lawrence Titimur said: "We in the trade union movement are very concerned that the new initiative...may not allow everything we say to be reported by the newspapers, televised on TV, or broadcast by radio."

He said the Government should seek views "from every corner of the country—have a referendum, even", before introducing any laws.

#### **Paper Criticizes Proposed Legislation on Mass Media**

42000188 Port Moresby PAPUA NEW GUINEA  
POST-COURIER in English 30 Nov 87 p 1

[Text] It is time for the people of Papua New Guinea to choose.

Do we want Mr Ramoi's plans for a regulated media whereby, under the guise of "national interest and legislation guidance", a Government-controlled tribunal will be able to tell the Press what it can or cannot print?

This is where it began in the Philippines and it led to total dictatorship and military control under the Marcos regime.

Or do we want a vigorous free Press, as it is now, which can tell the people the truth—without fear or favor?

Because, make no mistake, despite Mr Ramoi's honeyed words he is determined to embark on a road which will give control of the media in this country to the Minister for Communications and eventually to whichever political party controls this portfolio.

On the one hand he is telling Parliament there will be no interference with the freedom of the Press but on the other hand his document to the media plainly states that:

—the tribunal "may direct licensee to publish matters of national importance; and Minister's certificate as to such matters".

—the tribunal "may direct licensee not to publish matter prohibited by the Censor; and by the Mass Media Tribunal (again by Minister's certificate)".

And Mr Ramoi has said that the fact that the media will be licensed and that there will be a tribunal is non-negotiable.

If this does not mean the end of Press freedom in this country then Mr Ramoi has learned well the lessons of "doublespeak" during his time in Russia.

What newspaper can dare to speak out freely when it knows that its licence to publish may be cancelled at any time, or that it eventually has to face a tribunal which, because some members did not like or agree with its stance, will not renew its licence?

Typically, Mr Ramoi raises the bogey of foreign ownership of some of the media but, typically again, he does not bother to check his facts.

Let it suffice here to say that the only thing majority foreign ownership of this newspaper has meant is the money for investment in machinery and expertise to give PNG a free Press. There has never been, and never will be, any direction from Australia on what this newspaper can or cannot print.

The first suggestion of this has come from Mr Ramoi's own consultant, who wants the Press regulated here.

When this expensive Australian consultant was asked why the Press here should be controlled when it is not the case in other free, democratic countries, he said: "PNG is different."

We agree that PNG is different culturally and in many other ways from Australia—just as Australia is different culturally from the United States.

But we do not believe the people of PNG want to be different in the matter of their basic rights.

We do not believe they want ministers, MPs or any other pressure group being able to tell the Press what it can or cannot print.

We do not believe they want to give away their fundamental right to free speech.

THE POST-COURIER stands fiercely against any form of licensing of the Press. No matter how good the intentions of the men of today are on this matter, the men of tomorrow can use the proposed legislation to end freedom in this country.

It is time for the people of Papua New Guinea to choose between remaining an example of free democracy to the entire Third World, or joining them on the slippery slope to dictatorship.

/06662

**\$2 Billion Aid Said Not Being Utilized**

42000139g Manila PHILIPPINE DAILY INQUIRER  
in English 21 Nov 87 p 6

[Text] The country receives some \$2 billion yearly in outright grants and low-cost funding from all over the world, but the government has hardly touched it due to the lack of projects to pursue, sources in the diplomatic community said yesterday.

This dearth in projects has prompted the government to form a special committee headed by Fiorello Estuar to identify urgent projects and the specific areas that need them.

"There is so much donor interest worldwide," one source said, "but the money hardly moves. This could eventually discourage donor countries and multilateral agencies from giving more aid to the country."

He said the problem of the Philippines is no longer the resources needed to fuel its economic development, because these are readily available from countries that are anxious to help save the Philippines from communism.

"The most urgent problem now," another source added, "is utilization of the resources already within grasp of the government."

He noted, for example, that Japan has set aside \$500 million, Italy another \$280 million and Canada has \$100 million for the Philippines.

This is not to mention other developed countries like West Germany and multilateral organizations like the United Nations and the organizations under it.

The consensus of several officials of donor agencies is that the government lacks a mechanism that would ensure that assistance and grants given to the country would flow directly to solid projects and their proponents.

This is the bottleneck in the Philippines," he said.

What these donor agencies are looking for is a master plan for development, under which projects are identified and studied so that the funding requirements are assessed accurately.

One source said donor agencies may also have to coordinate with each other so that their funding activities would complement each other, instead of overlap, so as to help in getting priority projects accomplished first.

**Columnist Discusses Problems Obtaining Visas**

42000139a Manila PHILIPPINE DAILY INQUIRER  
in English 16 Nov 87 p 4

[Article by Federico D. Pascual, Jr., in the "Postscript" column: "That US Consul Behind the Glass"]

[Text] Several people, most of them women, have called to dispute a point we had on US visa applicants and those going to the United States.

These callers said I was mistaken in advising visa applicants and those answering questions at the port of entry to be honest with US consuls and immigration officers.

We said in a previous column that when asked if you have relatives in the US, the best answer is to say yes if you have any.

The reasons we gave: It's true in the first place; second, there's nothing wrong with having relatives; and lastly, it will help give assurance, if needed, that you will not be a public charge as these relatives with whom you plan to stay can look after you during your temporary visit.

One caller who described herself as a professional and single said she told the consul at the US embassy that yes, she has relatives in the US. She claimed that that seemed to have buttressed the consul's suspicion that she was staying on with her relatives and no longer coming back.

How do you know that was the reason for the rejection, I asked. She claimed the consul told her so. Now she regrets having told him the truth. It doesn't pay to be honest with these Americans, she concluded.

Another applicant, also a woman, said she planned to go to the US to attend the wedding of her brother, a US citizen. She had with her his letter, the invitation and many other "documents," including land titles and a fat bank book.

The consul, she told me, did not even look at her documents which would have amply shown that she can afford to travel all over the world a number of times. Also, she rebuked me for advising Filipinos to be honest. She said there was no point being frank with these Americans since they do not listen anyway.

One caller even asked me where I got all those tips to travelers and if I had been to the US. I did not tell her that my great great grandfather was the navigator of Columbus when he discovered America.

Anyway, I think the US consulate has many things to explain, including the well-known fact that many travelers who have a valid reason for a temporary visit are denied visas, while a great many of those who actually intend to vanish into the mass of TNTs (tago nang tago) in the US are able to secure visas.



Some consuls do not bother to look at the thick documents brought by many applicants. There are a number of reasons: One is they don't have the time to research on every individual who appears before them. Another is that many of them think a lot of these documents are fake anyway.

Still another reason is that the US immigration law orders them to be so. Under their law, every visa applicant is presumed to be an intending immigrant. The burden of proof lies heavily on the applicant.

The consul standing behind that bullet-proof glass has only a few minutes to size up the applicant, and it is mostly on a gut feeling basis, an instant surge of prejudice, that he decides whether you go or don't go. You can argue till the guard drags you out, but the moment that flash of prejudgment hits his brain, that's it. He may give you the satisfaction of leafing through your land titles, bank statements, affidavits and all those documents, but he won't see anything.

And then, there is this problem of tons upon tons of documents being submitted which turn out to be spurious. Having learned its lesson the consulate has become suspicious of these papers.

Rightly or wrongly, many of them have the perception that we Filipinos will sign anything, say anything, to get what we want.

This, of course, is not fair. It's actually a cycle. When an applicant tells the truth, he discovers there's no merit in being honest. So some applicants now would rather try to fool them with spurious documents, statements, etc. The net result is a case of one party trying to outsmart the other.

The problem is that the applicant is on the other side of that blasted glass, as we are all on the other side of the Pacific.

/9274

#### **Whitehall Paper on CPP Goal in Relation to Aquino Government**

42000140a Manila MANILA BULLETIN in English  
17 Nov 87 pp 1, 17

[Article by Jose De Vera: "Study Shows Red Goal"]

[Text] The overthrow of former President Ferdinand Marcos and the installation of President Aquino to the presidency as a result of the February Revolution made no fundamental difference to the Communist Party's leadership.

This was stressed in a comprehensive report by an Australian research group headed by Dr John Whitehall, director of the Pacific Christian Anti-Communism Crusade. The PCACC has sent copies of the study to the

Australian Parliament, the Philippine Department of National Defense, and the Intelligence Service of the Armed Forces of the Philippines (ISAFP).

AFP intelligence analysts said yesterday the recent liquidations, ambush-killings of policemen and military personnel, bombings of bridges and government installations tend to confirm the findings of the Australian research group which undertook the survey as early as 1983, the Bulletin was told.

Having already declared that the presidency of Aquino would be irrelevant to the CPP's primary goal of waging a "people's war," it is predicted that the communists will now seek to portray the President and her government as ineffective, that reform is impossible, and that only the violence of revolution will permit progress, the Whitehall report said.

In his report to the Australian government, Whitehall pointed out that some communists in the trade union movement lamented that their task would now be harder because history had revealed that Marcos could be toppled peacefully.

The communists, he said, will "seek to oppose the concept that political, military, economic, and agrarian reforms need not flow from the barrel of a gun."

It is common sense, he continued, that the rebels' policy of seeking to destroy the economy in order to unseat Marcos and further the revolution, will now be directed to the new government.

According to Whitehall, the CPP will criticize any failure of Mrs Aquino's economic programs while at the same time seeking to sabotage the economy.

As international aid will further the process of reform and lessen the urge for revolution, the CPP will do its best to blunt this help to the Aquino government, Whitehall said.

The Aquino government, he continued in his report, will be portrayed as corrupt, exploitative, and unworthy of support, while the military forces will be described as just the same instrument of "bourgeois terror" as it was allegedly under Marcos.

Whitehall pointed out further in his report that when the military apprehends CPP member, certain human rights groups will rush to their aid. It will once again be the forces of "right" and "progress" against "reactionary Cory-US dictatorship," Whitehall added.

Citing Section 3, page 8 of the National Democratic Front program, Whitehall concluded that "it is plain that revolutionary forces will seek to overthrow "any incumbent reactionary regime that comes after Mr Marcos."

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### MP's Role in Foreign Policy Viewed

42000130f Bangkok THE NATION in English  
13 Nov 87 p 5

[Article: "MP's, Foreign Ministry on Collision Course?"; first paragraph is THE NAT's introduction]

[Text] Recently the House Committee on Foreign Affairs has been locked in debate on foreign policy issues with the Foreign Ministry. Kavi Chongkittavorn argued that a handful of young and educated MPs with knowledge of foreign affairs will eventually crack the concentrated authority of the Foreign Ministry and related security agencies in the formulation of foreign policy—provided that they are better organized and aided by professional staffs.

In no period of contemporary Thailand's foreign policy activities has the assertiveness of the legislative branch in foreign affairs been so intense and prolonged like in the past eight years when the government is under the leadership of Prime Minister Prem Tinsulanonda.

The legislative assertiveness has been accumulated in the past several months over controversial issues—the copyright amendment bill, the ban on the visit of Tibetan spiritual leader the Dalai Lama, to name just a few—are clear indications of the House's determination to challenge the ultimate foreign policy decision-maker—the Saranrom Palace, and de-mystifying the foreign policy-making process.

Indeed, the strong criticism by MPs on key foreign policy issues also helps intensify the struggle between the Foreign Minister and the House. Boonchu Rojanasathien, Supatra Masadit and Surin Pitsuwan, all members of the House Committee on Foreign Affairs, have hardly ever missed an opportunity to voice their opinions on foreign affairs issues.

Can the House become a dynamic and effective force in the formulation of Thai foreign policy? The answer is yes and no.

MPs argue that they are given the right under the Constitution to protect the national interest, as directly or indirectly embodied in the foreign policy. So it is natural that they would want to play an active role in the foreign policy-making process.

So far, the House Committee on Foreign Affairs, although its members are mostly well-qualified, still lacks the skills and expertise of officials in the Foreign Ministry and security-related agencies.

It is still unclear whether the hue and cry of certain MPs wanting to play a greater role in the foreign policy-making process will become a factor that the traditional foreign policy makers have to reckon with. This will

depend on the MPs' overall charisma, worthy viewpoints and support from other MPs. At present, only a few MPs are capable of making intelligent comments on foreign policy issues.

Surin (Democrat, Nakhon Si Thammarat), who has a PhD from Harvard, has told this writer that it only recently MPs begin questioning the government stand on some foreign policy issues. [sentence as published] The storm of protests by members on the House Committee on Foreign Affairs over the ban on the entry of the Dalai Lama ban was a case in point. Some MPs accused the Foreign Ministry of bowing to Chinese pressure. It is the issue such as this that pitches the Foreign Ministry against the House.

He also says that MPs do not intend to become an equal partner with the executive branch in the making of foreign policy decisions. "We simply want our voices to be heard," Surin adds.

Surin says it is important to note that the strong reaction from MPs also stems from the fact that foreign policy under the Prem Administration has been dominated by one person—Foreign Minister Siddhi Savetsila, who is the key architect of Thai foreign policy in the 1980's.

Some MPs express the wish to see Thai foreign policy more responsive to the changing external environment as well as domestic situation. For instance, they are frustrated by the official restrictions on economic ties with Indochinese states, which have discouraged friendly contacts and trade between peoples of the two sides. Recently the Foreign Ministry also asked a group of MPs to cancel a trip to Hanoi for fear that the visit would send the wrong signal to the Vietnamese Government.

In fact, MPs interested in foreign affairs would argue that if the Foreign Ministry were to be more efficient, Thailand would have been in a much better position in the world community and would be able to improve its relations with others, especially with neighbouring Indochinese countries.

As democratization of the political system gains momentum, the MPs' call for a greater role signifies that it is time for makers of Thai foreign policy to be accountable and responsive to the general public. Definitely, what will be visible in the near future is going to be new, interesting and significant rivalry between the legislative branch and the executive branch in making Thai foreign policy. The competition, of course, will be in the "Thai way."

Already, the House Committee on Foreign Committee [as published] has close cooperation from well-known academics, including M.R. Sukhumbhan Bhoripatra, Surakiat Sathienthai (both lecturers at Chulalongkorn University) Anant Panyarachun, former permanent secretary for foreign affairs who is now a prominent business executive.

The committee also has a full-time staff to do research and filing. "We help the committee gather more independent information and come up with alternatives," Surakiat said.

Leading MPs like Surin and Boonchu concede that they have no information networks of their own and they also lack access to official information sources.

The assertiveness of MPs on foreign affairs also showed, however, that they are more confident and determined to have a say in making foreign policy. In the past, they were uncertain about their role in the field of foreign policy. But now, they know they can make some difference and want their opinions heard.

Now, MPs gain first-hand information by making field trips abroad. They are no longer timid in hearings on international issues; they demand information from senior officials and they seldom take official explanation without showing doubt or reservation. They meet with foreign leaders who are visiting Thailand. They also mince no words in criticizing foreign policy decisions of the government.

To put it bluntly, there are no mutual trust or respect between the two sides, whatsoever.

#### What Is To Be Done?

It would be an ideal if the two sides can maintain a close and friendly working relationship. The national interest can be better served that way.

Certain things can be done to improve the relations between the executive and legislative branches as far as the making of foreign affairs is concerned. It would be a good idea to set up a liaison office in the Foreign Ministry to coordinate contacts between the ministry and the House. The office may have two basic functions: First, it can collect information for the ministry about the attitude and interest of MPs on certain foreign policy issues.

Secondly, the office can facilitate contacts between MPs and the ministry officials. The office can also arrange information flows on certain subject so that MPs as well as the public will have correct information for objective judgment on a particular international issue affecting the national interest.

Increased contacts and consultations will create mutual confidence and respect between the two sides. Subsequently, the existing adversary relations could turn into friendly cooperation.

In the existing foreign policy-making system, the public does not have any opportunity to effectively influence the conduct of foreign policy. The growing dynamism of Parliament may soon open up the process, making it more receptive to input from the House.

At the same time, MPs must also find way to cooperate with the executive branch on foreign policy issues. In a young democratic country like Thailand, it is extremely important that the Foreign Ministry has the support of MPs on foreign policies.

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#### Academics on MP Role in Foreign Policy 42000130g Bangkok THE NATION in English 17 Nov 87 p 4

[Report by Kavi Chongkittavorn: "How Big a Role for MP's in Making Foreign Policy?"; first paragraph is THE NATION introduction]

[Text] A two-day seminar on the limit and scope of the legislative branch's role in Thai foreign policy-making process ended yesterday with more questions raised on what role the members of the House Committee on Foreign Affairs can play. Kavi Chongkittavorn, who attended the seminar organized by the Institute of Security and International Studies and the House Committee on Foreign Affairs, files this report.

Mutual distrust is running deep between Foreign Ministry bureaucrats and members of the House Committee on Foreign Affairs. In fact, it is the biggest obstacle that prevents the two from coordinating and cooperating in the foreign policy-making process.

Despite their different roles and objectives, the participants, comprising government and Foreign Ministry officials, MPs and academics, agree that to overcome this stigma, more consultation, more contacts and increased information flows should be encouraged between the executive and legislative branches.

But, before they can reach that stage, there is a basic thing both the bureaucrats and MPs must do—dismantle their stereotyped attitudes toward one another.

Talking about these attitudes is like talking about pride and dignity. The Foreign Ministry, together with National Security Council and related security agencies, is responsible for the formulation of foreign policy.

Foreign Ministry officials contended they are the guardians of Thai national interest and they are proud that foreign policies have been examined and formulated by them. At least that was the way it was since Thailand first established the Foreign Ministry more than a century ago.

However, it has been in the past several years that democracy, Thai-style, has burgeoned. As a result, the role of MPs has increased and expanded from strictly domestic issues to include the field of foreign affairs.

Chai-anant Samudvanich, a well-known Thai political scientist, is perplexed given the long history of the foreign affairs committee, that its members in the past were so quiescent for so long.

He pointed out that during 1969-71, no meeting or discussion was held to discuss foreign policy among the committee's members. At present, he says, MPs are more active and enthusiastic and, most importantly, they have become new actors whom the traditional policy-makers have to reckon with given the new political development.

It is no surprise that suddenly, in 1987, the Foreign Ministry's right and authority in making foreign policy has been challenged. Now young and educated MPs want their voices to be heard and are determined to do so. Moreover, they are more ambitious and have visions beyond their immediate constituencies.

No doubt, besides consulting regularly with scholars and experts in foreign policy and law, they are also asking for more information flow from the Foreign Ministry so they can independently assess foreign policy issues themselves—something no MP dreamed of a few years ago.

Are the traditional foreign-policy makers ready for the new assertiveness of the legislative branch? Kasit Piromya, an aide to the Permanent Secretary for Foreign Affairs, thinks so.

He said the ministry formulates and implements foreign policy, which is being approved by the Parliament. If MPs disagree with certain foreign policy lines, they are free to raise this with their parties, which in turn will bring up the matter with the government. This, he says, is the basic rule that the Foreign Ministry is operating under, and he thinks the legislative branch must respect and follow.

Nonetheless, the committee's members believe otherwise. Its chairman, Boonchu Rojanasathien, complains that the Foreign Ministry bureaucrats are used to form policies without prior consultation with the legislative branch. The ban on the Dalai Lama's visit to Thailand was a case in point.

On the other hand, Kasit responded the Foreign Ministry stands ready to provide details to the foreign affairs committee whenever it is called upon to rationalize a particular issue. But there is a problem.

Kasit said whenever there are hearings, MPs do not pay attention. Worse, they tend to ridicule and belittle the ministry.

"Whenever I appeared at the House, I was like a defendant. No one listens," he lamented.

In turn, MPs like Supatra Masdit, Chakaphan Thattiyakul and Pinit Chansurin said Foreign Ministry officials are arrogant and consider themselves superior to representatives of the Thai people.

Rhetoric aside, the seminar, which was sponsored by the Asia Foundation, resulted in good recommendations or steps that can be taken immediately to improve the relations between the Foreign Ministry and the foreign affairs committee.

Academics like Chai-anant and M.R. Sukhumbhan are in favour of setting up a liaison office in the Foreign Ministry to coordinate with the committee's staffers on foreign affairs. The idea, according to Kasit, is now under serious consideration by Foreign Minister Siddhi Savetsila. The decision will be made soon.

In 1985, a link between the Foreign Ministry and the military was established to ensure smooth conduct of foreign policy. Chai-anant recommends that a similar link between the ministry and the foreign affairs committee can turn "confrontation" to "consultation and cooperation."

In the long run, the committee's members have to hone their skills and knowledge in foreign affairs if they want to be heard and subsequently play a prominent role in making foreign policy.

In preparation for the greater policy-making role, Phiraphan Phalusuk, the committee's spokesman, suggested that Parliament must be more selective with the members of various House committees. The House should work out a set of criteria for qualified MPs to become members of a particular committee.

The present system is based on quota allocations without any consideration of MPs' abilities. "No wonder, each committee is a bunch of odd balls. If we want to contribute to the policy-making process, we must improve ourselves," he said.

Supatra, who has a team of well-known university lecturers to aid her, recommends that each committee should have professionals to advise them on alternative views and independent assessment in order to come up with the most suitable opinion. The process would bring the best brains of the country to discuss pros and cons of policies which have impacts on the Thai people.

Participants agreed that the foreign affairs committee is the best equipped unit because its MPs, outside staffers and advisers are highly qualified. So it is hoped that it can set an example for the other remaining 17 House committees.

Sukhumbhan, an adviser to the foreign affairs committee, said an effective committee can act as a constraint—the same fashion the Foreign Ministry, National Security Council and Office of National Intelligence can to keep



foreign policy under check. Despite several disadvantages of the committee, it can still build itself up as a reservoir of new initiatives and alternatives, he said.

For Sukhumbhan, the priority is to set up an information system the committee's members can use and at the same time if need be, they can obtain necessary information from government authorities concerned.

With solid information and data base, he believes the committee can publicize its research and study on foreign policy issues affecting Thailand and can be disseminated to the public.

However, the two-day seminar raised more questions than it answered. Still, it is not clear as to what kind of role the foreign affairs committee's members are asking for and to what extent or whether changes in the Constitution, as requested by some MPs to accommodate their increasing role in foreign affairs are necessary.

How can the Thai political system preserve deliberate legislative considerations while assuring the decisive foreign policies?

To continue to find those answers, the Institute of Security and International Studies and the House Committee on Foreign Affairs are planning a series of small seminars of similar nature to work out concrete ways to bring together the two branches for foreign policies that respond to the needs and desires of the Thai people. The ideal is to attain the non-partisan approach to the future foreign policy-making process.

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42000130a Bangkok BANGKOK POST in English  
14 Nov 87 p 1

[Text] Rassadorn Party MP Songsuk Pakkasem's questionnaires to 216 MPs showed that 175 or more than half of the 347-member House of Representatives, oppose the "one-man-one-vote" system while 25 support it and 16 have no opinion.

The results were released by MP Songsuk yesterday after he had handed out 216 questionnaires to MPs in the House last Wednesday on the controversial military-initiated one-man-one-vote electoral system.

On the question "Do you agree with the 'one-man-one-vote' electoral system for the House of Representatives?", 80 per cent of the 216 MPs questioned said no.

The first question was: "Do you agree with the authorities for allowing academics to present their views on a special television programme on November 9 on Channel 9?"

Of those who replied 127 MPs disagreed, 55 agreed and 34 did not have an opinion.

The third question was: "If you do not agree with the 'one-man-one-vote' electoral system for the House of Representatives, would you agree that the opponents to the proposed electoral system should be allowed to present their opinions on a special television programme?"

Of those who replied 152 agreed, 32 disagreed and 32 did not have an opinion.

The party affiliation breakdown on the second (as published) question is as follows:

Democrat Party: 53 disagreed, nine agreed; Chart Thai: 38 disagreed, four agreed; Social Action: 21 disagreed, two agreed; Rassadorn: 11 disagreed, three agreed; United Democratic: 17 disagreed, three agreed; Ruam Thai: 11 disagreed, none agreed; Prachakorn Thai: 10 disagreed, three agreed; Community Action: five disagreed, none agreed; Progressives: three disagreed, one agreed; Muan Chon: two disagreed; National Democracy: one disagreed; Liberal: one disagreed; New Force: one disagreed; Democratic Labour: one disagreed.

MP Songsuk also attached a sheet of comments by various MPs on the electoral system controversy. Some of these quotes are as follows:

Prachakorn Thai MP for Bangkok, Rear Adm Kumut Kamolnavin, said: "I agree with it but it's not appropriate at this time because there may be money-dumping that would cause it to be undemocratic."

Democrat MP for Chumphon Jaturon Kochasri said: "Television programmes should not be allowed to cater to individuals or a line of thinking of some people, in a manner that is forced upon (the public) or hitting an opponent while his hands are tied."

Democrat MP for Bangkok Charoen Kanthawong said: "It's unacceptable that the people who do not dare to run in the elections show such opinions."

Social Action MP for Mahasarakham Charnchai Chairongrueng said: "It's against democratic principles. Money-dumping will be abundant along with dictatorial state power."

#### More Effective

Democrat MP for Udon Thani Direk Lakkam said: "The smaller the electoral system, the more effective the vote buying will be. The present system is already good. The one-man-one-vote system makes it easy for money-dumping, and millionaires and capitalists will have the advantage."

Social Action MP for Udon Rachathani Mr Thana Mettarikanond said: "It will be easier to buy votes and it won't develop the party system."

Chart Thai MP for Bangkok Col Prachak Sanwangjit said: "It will have bad effects on the development of the democratic system of government and the development of the country. The government will have to include many political parties in the coalition."

Social Action MP for Udon Thani Mr Prasob Bussarakam said: "One-man-one-vote means capitalists and warriors."

United Democratic MP for Khon Kaen Supasit Techatanond said: "Let there be a Senate election."

Prachakorn Thai Party leader Samak Sundaravej said: "I agree but it is not yet time."

Social Action MP for Kalasin Sangthong Srithares said: "Let the Prime Minister and the Senators come from the elections."

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#### **Deputy Finance Minister Comments on Fund's Role**

42000129a Bangkok BANGKOK POST in English  
3 Dec 87 pp 17, 32

[Article by Bert Romero and Robert Johns: "Supachai Clarifies Role of Ruam Pattana Fund"]

[Text] The Ruam Pattana Fund is not a support fund, but simply a fund to provide additional liquidity to the market, according to Deputy Finance Minister Dr Supachai Panichpakdi.

In what is really the first explanation of the purpose and formation of the new fund, Dr Supachai told the BUSINESS POST yesterday the fund was part of the finance authorities' long-term plans to develop the Securities Exchange of Thailand to full maturity.

But he did admit that the fund had been launched earlier than anticipated due to the instability in the market, which has prevailed since Black Monday, October 19.

"The fund is essentially the responsibility of the AMSET (Association of Members of the Securities Exchange of Thailand), but the Finance Ministry, through such existing bodies as our involvement with Mutual Fund Co (the fund's manager), the Bank of Thailand and SET chairman Dr Aran Thammano, who is also Fiscal Policy Office Director-General, will keep an eye on developments," he said.

"Really, no one has any moral responsibility for the operations of the fund; no one is monitoring the fund in a formal sense. All the authorities have said to the AMSET is 'do not abuse the fund.'"

Throughout the interview, Dr Supachai stressed that the fund was a private-sector operation and the Finance Ministry was loath to intervene in any way.

"The launch of the fund really began with a meeting of the ministry and the central bank on the Friday immediately after Black Monday. We had in the past discussed a number of ways of mobilising more liquidity in the market and, at the meeting, decided that the formation of a development fund was probably the best way.

"We then asked the AMSET to go ahead and form and operate the fund. The only instructions we gave were that the fund not deliberately interfere with stock prices and that it remain neutral at all times.

"The only real commitment from the authorities was that we agreed with the establishment of the fund in principle. The rest, including the extent and operations of the fund, is the responsibility of the AMSET."

Although emphasising the independence of the fund, Dr Supachai said the Finance Ministry would take immediate action if it believed that the fund was involved in manipulating the market.

As for the Finance Ministry-owned Thananant Finance & Securities Co's late decision to join the Ruam Pattana Fund, Dr Supachai said he thought the AMSET's threats of cancelling the company's trading licence were "too harsh" and did not take into account Thananant's situation and need to consult its board.

Although Thananant is 90 percent-owned by the Government, Dr Supachai said he believed that the company should not be exempt from the contribution to the fund as it was run on private lines and was a member of the AMSET and, thus, was committed to abide by the AMSET's decision.

Generally, he said the fund was a "pioneer" on the road to the establishment of a securities finance firm similar to the one in operation in Japan, which provides for the mobilisation of liquidity in the market.

"A securities finance firm is necessary to counter harmful fluctuations which can be caused by any number of contingencies or even seasonal factors, such as now when the festive season is looming and companies need money to pay bonuses or individual investors need the cash for gifts or vacations.

"Such a firm will provide market stability and supplement trading, and that is the ultimate aim of all involved in the operations of the SET.

"We admit that sometimes, decisions such as that to form the Ruam Pattana Fund are forced in difficult times, but the fund is a model which may ultimately



develop into the securities finance firm we want. It may take a while for the fund to truly develop, but its establishment is a long-term measure.

"The fund was inevitable and it just happens that it is formed now when the market has suffered a considerable fall. If prices don't rise, the fund hasn't failed as that's not its purpose, but if it brings the brokers closer together in a spirit of cooperation, then I think it can be considered a definite success."

Dr Supachai said he was not unnecessarily worried by the recent fall in stock prices and the SET index, but he thought the decline in the daily trading volume was reason for some concern.

"We have to look at why there has been such a dramatic falloff in trading and, when we identify the reasons, try and do something about it.

"There are three possible reasons for the decline. First is the withdrawal from the market of foreign investors panicked by what is happening in exchanges elsewhere around the world. Second is that the commercial banks are withdrawing money, while the last reason is simply that investors generally have lost confidence in the SET.

"In the first case, there is really nothing we can do. If the second case is true, then perhaps we can help by allowing brokers to invest a larger proportion of their capital fund. (Brokers were previously allowed to invest only 60 percent of their capital fund in the market, but now the central bank allows them, on a case-by-case basis, to invest up to 100 percent.) Finally, if the investors have lost confidence, it indicates that we have to provide them with more information so they can see for themselves that there is no reason for panic and the market is stable."

Turning to the formation of the Securities Exchange Commission, Dr Supachai said the Fiscal Policy Office was still looking into the many technicalities involved, such as probable revisions to the Commercial Banking Act, the Securities Act and the Financial Securities Firms Act to clear the way for the establishment of the commission.

"The actual commission will take a long time to develop, but I personally would like to see some sort of model set up as soon as practicable and I have asked the Fiscal Policy Office to look into the establishment of a 'preliminary SEC.'"

Finally, on the authorities' failure to act on past accusations of insider trading and more recent talks of illegal short selling, he said: "I am a little disappointed that no progress has been made.

"The Finance Ministry does not have the authority to examine securities companies' books, but other government agencies do. We need to look at books and compile evidence which may be helpful in future instances where we believe illegal activities have occurred.

"I have instructed the authorities concerned to begin compiling information which may help us in the future, but there is still no report after over three months," he concluded.

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**Editorial: No-Confidence Vote on Banhan  
'Political Farce'**

42070046a Bangkok *SIAM RAT* in Thai, 23 Oct 87 p 8

[Editorial: "Just a Political Farce"]

[Text] Finally, the House of Representatives defeated the no-confidence motion against Mr Banhan Silapachai, the minister of communications, by a vote of 212 to 85. The opposition had asked to hold a no-confidence debate on two issues. They claimed that he had used his power as a minister and his personal influence to persuade voters to vote for a Thai Nation Party candidate and that he had used his power to authorize the purchase of building materials and equipment, which caused the state to lose money.

The defeat of this no-confidence motion by such a wide margin shows that the pro-government parties did not believe the charges made by the opposition parties even though the opposition parties had clear evidence. This also shows the unity of the government parties. There has been criticism to the effect that there are splits because of internal problems.

Even though this turned out this way and the matter is closed as far as parliament is concerned, we feel that if people study this no-confidence debate against Mr Banhan carefully, they will see that there are many loopholes that a minister can easily use to profit from his position if he is so inclined. It is well known that in Thailand, appointment as minister is a coveted appointment, because this position gives the person power and prestige and he can easily make huge profits. It just happens that many of those appointed minister are already very wealthy. They want to profit directly. They view politics as an investment or business venture. When they invest a sum of money, they expect to make a profit. At present, there does not seem to be any way to prevent these people from playing politics. This is because they spend huge sums to buy votes. This makes it very difficult for honest and qualified people who have little money to win election.

The political parties are not interested in the qualities or qualifications of party members. This is another reason why it is wealthy people who tend to be selected to serve as MPs and ministers. Thus, a wealthy but unscrupulous person has a very good chance of becoming minister.

We believe that most people are disappointed in and have little confidence in today's democratic system, which is monopolized by people with money and influence. People will probably have to put up with this until people with a greater sense of responsibility toward democracy take responsibility. People should realize that this no-confidence debate was just a farce. This was not a real examination of administrative powers. People shouldn't take this too seriously.

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**Cabinet Rejects Options on Trade Talks**  
42000130h Bangkok THE NATION in English  
12 Nov 87 p 3

[Text] Prime Minister Prem Tinsulanonda decided to drop all options proposed to beef up Thailand's trade negotiations with other countries as his Cabinet members were divided in their weekly meeting Tuesday over ways to achieve that goal, informed sources told THE NATION yesterday.

The most controversial option is the proposed appointment of a Thai trade representative (TTR), under the PM's Office, who would formulate trade policy and stratagems, and handle negotiations on behalf of Thailand.

A Democrat minister voiced support for the proposal but ministers of the Social Action Party (SAP) preferred a more modest option. As a result of the split, the premier cut short the debate by deciding to keep the status quo.

The SAP-favoured option would form a working-level committee to coordinate the efforts of existing national committees.

Three of them would handle economic issues with the US and Japan, multi-lateral trade talks at UN Council of Trade and Development (UNCTAD) and the General Agreement on Trade and Tariffs (GATT). The other would prepare Thai positions for next month's summit meeting of ASFAN leaders in the Philippines.

Acting on the premier's instruction to look into the issue and present recommendations to the Cabinet, SAP Deputy Prime Minister Pong Sarasin tabled the three options, worked out by an ad hoc committee chaired by Permanent Secretary for Commerce Bajr Iarasaena.

He recommended that the Cabinet take up the most modern option, the working-level committee, chaired by Bajr Deputy Director General of the Foreign Ministry's Economics Department, Kasit Piromya, would be made secretary of the committee, according to the proposal.

Pong said under the proposal, the present policy-making structure and the legal jurisdiction of related ministries will remain intact.

The working group also noted that Thailand still lacks a special committee handling trade negotiations with the European Community and recommended that, for the moment, the committee in charge of Thai-US ties be given additional power to take care of the Thai-EC relationship, Pong reported.

Referring to another option calling for the establishment of a TTR office at the PM's Office, Pong said relevant laws empowering various ministries on specific trade issues had to be amended if the Cabinet decided on that.

It will take a long time to realize the option, he said.

Under the third option, Pong said all four existing national committees would be dissolved and replaced by a new committee to handle all aspects of bilateral and multi-lateral trade talks for the country, while existing concerned agencies would be streamlined to increase their efficiency.

Under the option, the new committee is empowered to map out trade negotiation strategy and tactics as well as assign special trade representatives to handle negotiations on a case-by-case basis.

Pong's presentation sparked a heated debate on the recommendations, which Pong said had the support of Foreign Minister Siddhi Savetsila and Commerce Minister Montree Pongpanit, both SAP ministers.

Critics of the recommendations included Science, Technology and Energy Minister Banyat Bantadtan of the Democrat Party. He argued that the working-level committee envisaged in the recommended option would not work because the existing national committees are headed by ministers.

The Democrat minister said that a TTR office should be more effective. He also proposed that prominent figures in the private sector take part in the operation of the new office.

But Montree argued that the formation of a TTR office would affect the authority of the Commerce and the Foreign ministries.

At this point, Gen Prem cut short the debate, asking that all options be dropped.

The idea to appoint a TTR to streamline Thailand's trade negotiations reportedly originated from a group of academics headed by the premier's chief economic adviser, Dr Phaichitr Uathaweekul. The premier originally instructed Siddhi and Montree to consult on the possibility of appointing a TTR as well as other ways to improve the country's trade negotiation efficiency.

The two ministries reported to the premier in a Cabinet meeting in mid-September that it was difficult to realize the option proposed by Dr Phaichitr. But the premier insisted that the option be studied more thoroughly and instructed Pong to review the issue.

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### Finance Minister Discusses Monetary Policy, Stocks

42070052 Bangkok SIAM RAT in Thai 2 Nov 87 p 6

[Interview with Suthi Singsane, the minister of finance; date and place not specified]

[Text] [Question] With respect to fiscal and monetary policy, during the year that you have been finance minister, what has been accomplished and what is being done now? And what plans will be implemented in the future?

[Answer] Ever since I became finance minister at the end of 1986, which has been a period of economic recession because of the shifts in the world economy, the Ministry of Finance has implemented fiscal and monetary policies very cautiously. Our objectives have been to maintain fiscal stability and to promote continuous economic development. We have also tried to improve the fiscal system so that it is capable of responding to shifts in both the world and domestic economies. We have implemented tax policies in order to stimulate the economy. For example, we have lowered the individual and corporate tax rates. We have also lowered trade tariffs in order to stimulate production and exports. For example, we have reduced the trade tariffs on goods that are produced in Thailand using raw materials from the agricultural sector and that are labor intensive. We have lowered trade tariffs for producers who sell goods to industries that produce export goods. An exception to this is the import duty on goods imported for producers of export goods who have received investment promotion benefits. Using computers to compute revenue payments and printing revenue cards has enabled us to compute revenue payments within 1 month. We have improved payment rates by using a physical input coefficient. This has enabled us to approximate actual revenue payments quite closely. As for tax refunds, a formula has been stipulated in order to make refunds as quickly as possible and reduce the number of steps involved in making refunds. Besides this, we have reduced the number of steps involved in getting goods through customs both when importing and exporting goods. This has made

things more convenient and reduced expenses. As for expenditure measures, our policy has been to maintain fiscal discipline by cutting back on regular expenditures.

At the same time, we have increased the percentage of the investment budget as necessary in accord with the economic situation. For example, in fiscal year 1987, the investment budget was increased 6 percent. The investment budget was increased by 1.5 billion baht as compared with the budget approved by the old government in order to accelerate economic growth. And for fiscal year 1988, the investment budget has been increased 10.7 percent. As for our policy on the national debt, the Ministry of Finance is being very cautious about creating debt. We have taken steps to improve debt management. We have improved the foreign debt structure by refinancing the old loans with rather high interest rates in order to keep the debt burden from posing a danger to the country's economy or financial situation. As a result of the fiscal policy measures mentioned above, our fiscal situation has gradually improved. That is, revenue collections have exceeded the targets and the budget deficit has been declining ever since fiscal year 1986. Because of our greatly improved financial situation and the careful way that we have managed our debt, Thailand's good financial position is recognized throughout the world. This is clear from Thailand's credit rating. JBRI gave us a credit rating of AA-.

As for the monetary policy implemented by the Ministry of Finance, we have established a Credit Insurance Fund for Exports in order to promote exports. In particular, one service that we will provide to exporters is to insure credit involving trade and political risks. The economic cabinet has now approved this in principle. It is thought that this fund will go into operation at the beginning of 1988. Besides this, in order to increase the security of the financial institutions and to ensure that things are in accord with the measures for solving the problems and reviving the activities of the finance and securities companies and credit foncier companies, the ministry has issued a regulation stipulating criteria and methods for making requests in order to control the finance and securities companies and credit foncier companies more tightly.

The Ministry of Finance will continue to try to improve the administrative system and make it more efficient so that Thailand's economic system expands in a stable manner. The principal measure stipulated is to improve the tax structure as appropriate and make it more efficient. The important thing is to increase tax collections instead of trade tariffs. This tax system will be neutral with respect to production and consumption. This will enable us to solve the problem of overlapping tax collections, and this will facilitate production and exports. As for foreign debt creation, we have formulated a foreign debt creation plan in accord with our needs in developing and restoring the economy. The debt will be kept within suitable limits based on our monetary position and our ability to earn foreign revenues. In 1988,



new debt will be limited to a maximum of \$1 billion. That includes servicing the debt efficiently. The target is to reduce the loan principal and adjust the debt structure so that the burden does not become too heavy in any given year. This will lighten the burden on the national budget and help maintain the level of the country's reserves.

The Ministry of Finance has formulated plans to implement our monetary policies. That is, we have made plans to restore the country's monetary and fiscal position. We will improve the structure of the country's monetary system in both the public and private spheres. Improvements will be made in mobilizing long-term savings in order to support economic and social development and to strengthen the capital markets and ensure that things are done in accord with the state's policies on mobilizing savings. We also want to develop the system of financial institutions. This will enable the financial institutions to mobilize greater amounts of domestic savings for the financial system. This is similar to the establishment of the Investment Development Fund, which was established in order to help end the shortage of capital and stimulate investment and hiring, and to the establishment of the Credit Insurance Fund for Exports, which was established in order to support and promote exports.

[Question] Today, there is widespread criticism about the confusion in the roles of the Bank of Thailand [BoT] and the Ministry of Finance, particularly concerning the problems of the Krung Thai Bank Ltd. What is your view on this, and what can be done to solve this problem?

[Answer] As for the confusion about the roles of the Ministry of Finance and the BoT, this may stem from a lack of understanding of the facts. Because the laws on the duties of the BoT and the Ministry of Finance clearly stipulate the powers of each unit. Thus, each unit must act in accord with the powers stipulated by law. For example, the financial institution control laws, including the Commercial Banking Law, the Law on Engaging in Financial Activities, the State Banking Law, the Law on Loans that Defraud the People, and the Law on the BoT, all give the minister of finance the power to supervise these financial institutions. The Commercial Banking Law and the Law on Engaging in Financial Activities stipulate that the minister of finance can entrust the BoT with the task of auditing the financial institutions. The BoT has the authority to supervise activities carried on in accord with the law.

But in the case of important matters or matters that can affect the financial or economic situation in general, it is the minister who has the power to stipulate measures or issue orders. The BoT must submit matters to the minister for consideration. The law gives the minister the power to formulate policies or stipulate other measures aimed at solving problems or developing the system of financial institutions. The BoT gives recommendations and provides data obtained from audits. Supervising and auditing the commercial banks, finance

and securities companies, and credit foncier companies is the direct responsibility of the BoT. From this, it can be seen that the duties and powers of the Ministry of Finance and the BoT in supervising and controlling things are clearly demarcated.

In the case of the Krung Thai Bank Ltd, official policy is that this is to be the government's only commercial bank. It must be capable of responding to the fiscal and monetary policies of the country. In implementing these policies, the Ministry of Finance, in close cooperation with the BoT, which is responsible for supervising and monitoring the activities of the Krung Thai Bank based on the Commercial Banking Law, has played an important role in formulating official policy. Thus, if there is any confusion about the roles of the Ministry of Finance and the BoT, it means that those who are making these criticisms do not understand the roles of these two units.

[Question] Officials have had to take action to revive several commercial banks and financial institutions. This is because these private companies have lacked discipline, with the result that the financial institutions lack stability. But at the same time, it's said that some officials have used their powers in improper and illegal ways. Some people have charged that these officials form an economic "mafia." What do you think about this?

[Answer] Officials have played a role in restoring the position and improving the operations of the financial institutions by purchasing shares and sending people to participate in managing things. They have done this in order to solve the problems and organize the financial institutions properly so that the people, the depositors, will have confidence in them. Because during the past period, particularly during the crisis involving the financial companies and credit foncier companies at the end of 1986, some finance companies made mistakes in administering things. They were lax in extending credit. Administrators made loans to subsidiary companies and used the people's money for their own personal benefit using a variety of illegal methods.

When officials began participating in managing these companies, they looked for ways to revive the companies and correct the mistakes. They organized a system of internal management in order to carry on business operations. This was done by sending officials who were familiar with these financial institutions to help establish a management system, an accounting system, and a tight internal control system. These institutions were forbidden from making any more loans to weak subsidiaries, and they were ordered to accelerate the debt of subsidiaries in arrears on the payment of principle and interest. Orders were given to prevent administrators from stealing profits from the company.

Those whose interests were affected did not like these resolute measures. Thus, it did not come as a surprise when people began charging that some of the officials sent to help manage these institutions were engaging in



corruption and using their powers in illegal ways. But those making the charges never named specific individuals. However, the Ministry of Finance and BoT did not ignore this. The units concerned were ordered to investigate the charges and find out the facts. But no evidence of corruption or illegal behavior was found. It is thought that those who made these charges had impure motives. They were probably trying to distort the truth in order to put the blame on officials. As a result, officials were blamed unfairly.

Furthermore, sending officials to help manage the affairs of the financial institutions, particularly the companies in the 4 April program, is just a temporary measure. Once confidence has been restored and a suitable internal structure has been built in order to pave the way for carrying on activities, these companies must be given a chance to carry on activities. The Krung Thai Bank Ltd, which owns shares in these companies and whose personnel are knowledgeable about financial matters, must send representatives to serve on the boards of these companies in place of government officials. As of now, almost all of the government officials have been removed.

[Question] Today, many people are interested in the stock market. Some people think that stocks are quite risky at the present time. In view of the fact that the Ministry of Finance is responsible for developing the capital markets, what measures have been implemented?

[Answer] The stock situation has effects, but it is not dangerous. We have changed the margin requirement from 70 percent to 50 percent and reduced the daily trading spread from 10 percent to 5 percent. Both of these measures will help stabilize the stock market. Actually, the Securities Exchange has prepared several other measures. We have discussed these things. The two measures mentioned above have already been implemented. I did not have to authorize those two measures. That was within the power of the board of the Securities Exchange. I was just kept informed. But we have discussed the advantages and disadvantages of the various measures.

I agree with the statement made by Chatrina, who said that investors should not look just at the general index. That is just a general indicator. It should not be used to make decisions on whether to buy or sell shares. You have to look at each company on an individual basis. The data that are looked at include the yield. Yields vary. You have to look at what other investments are yielding. For example, if the yield of a stock is similar to the interest that can be earned on a savings account, the stock is attractive.

Besides looking at the yield, we have to evaluate the business situation of that industry in the future. If the industry is expanding and the quarterly profits are good and if there are no export problems, that makes investing more attractive. But if the yield depends on other factors.... For example, if the yield of a finance or finance and securities company depends on other factors.... If I was in the bathroom fixture industry and there was still housing, no one could shut me down. But if I want to engage in financial

service activities that depend on others, I have to determine whether the environment will support that. That is, in some industries such as investment and securities industries, you have to look at the environment. If you are thinking about investing in the textile industry, you have to look at the situation abroad and at exports.

[Question] But recently, most investors have been interested mainly in making large capital gains.

[Answer] Capital gains is a factor that will push people to invest in the stock market, particularly when they don't have to pay taxes. Ordinary people and foreign corporations don't have to pay taxes. Thus, there is a strong incentive to invest in order to make capital gains. Because you have to pay taxes on dividends. That is, a company in the securities market has to pay up to 15 percent. For example, 30 percent of the dividends paid by the Sinphinyo Fund are exempt from taxes. But you still have to pay taxes on the other 70 percent. Thus, capital gains are better.

People invest in the stock market for two reasons. They invest for the long term in order to receive dividends, and they also hope that the value of their shares will go up. But I don't want to call this speculation. That doesn't sound good. Long-term investors have to pay taxes on the dividends earned, but they don't have to pay a capital-gains tax. It's said that the stock market is very active because investors are interested in capital gains. If people buy shares for the dividends, that is, if they hold on to their share for long periods, the market will not be active. But speculators, who don't have to pay taxes, keep the market active.

But speculators have to pay attention to the yield, too. Because investing in stocks that pay low yields can be very risky. If the price goes down, the stock yield may become more attractive. But the speculators don't pay much attention to this. They are interested in stock selling possibilities. If you tell them that a particular stock is paying a lower yield than the interest rate, they will laugh.

Foreign funds have suffered losses abroad. They have taken their profit here in order to compensate for investments around the world. They want to profit from us. There were those who believed and who said that foreign investors would invest for the long term and that they would not sell. But given today's stock market situation worldwide, we have to understand their position. They have had to sell. These sales have affected investors here. But people should understand that what they sold is only a small percentage of what they invested.

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**Editorial Questions Foreign Minister's Credibility**  
42070050e Bangkok THAI RAT in Thai 9 Nov 87 p 3

[Editorial: "False Report Given to Parliament"]

[Excerpts] Mr Buntheng Thongsawat, the leader of the United Democracy Party, told reporters that he plans to submit an urgent motion to require the minister of

foreign affairs to submit to questioning about the submission of a false document, that is, the draft extradition treaty between Thailand and the United States. The document submitted to parliament was a fake. This serious charge was revealed by newspapers on the morning of 7 November.

Even though the Ministry of Foreign Affairs has not issued a clear statement revealing whether the document submitted to parliament was just a draft that could be revised or whether ministry officials made a mistake, these public revelations will be damaging with respect to implementing the policy of the Ministry of Foreign Affairs and to holding further negotiations on the extradition of criminals.

Regardless of whether the Ministry of Foreign Affairs responds to the charge made by this opposition party leader or whether it remains silent on this, not only is this an insult to the opposition, it is also an insult to the subcommittee and MPs, including the members of the Social Action Party, the leader of which is the minister of foreign affairs.

The Ministry of Foreign Affairs must present the facts to show that it has done things properly in order to protect the country's interests. In other matters as well, not only is the Ministry of Foreign Affairs bound by the laws promulgated by the legislature, but it must implement its policies in accord with what it has told parliament.

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#### **TDRI Director Ammar Interviewed on Policy Issues**

42070045 Bangkok SIAM RAT in Thai 26 Oct 87 p 6

[Interview with Dr Ammar Siam-wala, the director of Agricultural and Rural Development Planning, Thailand Development Research Institute (TDRI); date and place not specified]

[Excerpts] [Question] What are your duties and responsibilities in the TDRI?

[Answer] The things for which I am responsible are based on the principles of the TDRI. Research is the main focus of our activities. I am engaged in four research projects:

1. The production of agricultural goods and technology.
2. Marketing and prices of agricultural goods. We are studying the structure of agriculture and marketing and trying to determine what state policies are like.
3. We are looking beyond the agricultural sector to see what importance agriculture has for other economic sectors. We are looking at the nature of this relationship. If agriculture expands, what effect will this have on other sectors?

4. This is a preliminary agricultural and development plan. We have not done studies on how to develop the rural areas. But we are interested in the economic structure of the rural areas.

The emphasis is on doing research. We don't do much else. We give the results to those who have hired us to conduct the studies. This includes the Bank of Thailand, the World Bank, and even a Japanese engineering association that wants to do things at Laem Chabang. There are several groups that have hired us to conduct studies.

[Question] In general, what do you think about Thai agricultural goods? Because the latest statistics show a great decline.

[Answer] As compared with the country's other sectors, the agricultural sector has clearly been declining ever since 1981-1982. This year, everyone feels much better because agricultural prices have increased. However, the situation is still very worrisome. Because even though agricultural prices have increased, yields of many agricultural products have decreased. Even if prices are high, if yields are low, incomes will be low, too.

Rice yields are expected to drop about 10 percent this year. Overall, that is OK. The incomes of the farmers will definitely increase. Their incomes may increase by as much as 50-60 percent as compared with last year. But looking at this in greater detail, in the central region, rice yields are expected to decline only about 1-2 percent. But in some areas, the decline may be as much as 40-50 percent. In some localities, there won't be any rice at all because of the severe drought. In those regions, the farmers stopped growing rice. This is an immediate problem.

A more long-term problem is that even though prices are higher right now, this is not the long-term trend. This is just temporary. I think that this will have an effect on the country in the long term. We have to consider the outside factors. In particular, the United States will definitely expand the area under cultivation if our yields decline.

According to the Farm Act, the U.S. government will limit production whenever it feels that stocks will exceed the amount targeted for the following year. But if they can sell rice at a time when Thai yields are down and we can't export very much, they will definitely take advantage of this situation. What is very worrisome is that after they sell the rice produced during the March-September 1988 growing season, they will expand the area under cultivation. That is, the United States will increase its rice production capacity.

[Question] What is your view on the rice policy for the 1987/1988 production season?

[Answer] There is no need to make any changes as far as rice trading or rice exports are concerned. There should be free trade just as in the 1986/1987 season. The problem is that this year, because rice prices are higher, people might exert political pressure. As for how great the pressure is, it depends on how much the government is willing to put up with.

Today, the price of paddy is 4,000 baht per kwian [1 kwian equals 2,000 liters]. At this level, there shouldn't be too much political pressure. At the same time, some exporters don't want the government to change the policy. What they are concerned about is the 370,000 tons of rice stockpiled by the Ministry of Commerce.

There are two differing views on what Thailand's rice policy should be. One group supports free trade. They favor allowing the merchants to compete freely based on the regulations. The other group agrees with the views of Mr Phachon Isarasanao, the under secretary of commerce (Under Secretary Phot). His views are diametrically opposed to those of the first group. He feels that if merchants are allowed to compete freely on foreign markets, there will be many merchants competing for the business of just a few buyers. It will be like a flock of sheep without a shepherd. They will end up getting hurt. Thus, he wants to be the "shepherd boy" and push rice prices higher. He has expressed this view on many occasions.

Those who advocate having the merchants join together to form an export monopoly say that this will apply to foreign sales only and that there will not be any domestic monopoly. But I am not sure. This could stab us in the back. Because if we let them join together like this, they might refuse to buy rice or put downward pressure on purchase prices.

Forming this group to sell abroad does not mean that they will get every order. In the case of some orders that they should try to get, they might say that if we get that order, domestic prices will rise. They will determine foreign price codes in order to make huge profits. Prices will be high. Suppose that there is an order for 100-percent rice at a price of \$350 per ton. Another buyer says that he will pay \$325 per ton. Which order would you take? If you take the \$350 order, domestic prices will increase. It depends on what effect you think this will have domestically.

The Ministry of Commerce wants to sell the rice at a high price. But it must be admitted that for rice prices to be high, quantities must be limited. Last year, our rice sales abroad were conducted on a free-trade basis. Large quantities were sold and so the unit price was low.

[Question] With respect to the 1987/1988 rice policy, how necessary is it to give low-interest loans in order to support rice prices?

[Answer] Actually, during the 1986/1987 production season, it was not really necessary for the government to have the Bank of Thailand give low-interest loans. That did not help very much. The government benefited more. Because rice prices kept rising. Large low-interest loans were given twice. The Bank of Thailand extended loans to the commercial banks, which then loaned the money to the rice mills. In the second case, the Bank for Agriculture and Agricultural Cooperatives (BAAC) extended loans to farmers. The BAAC extended loans to the farmers by taking rice pledges so that the farmers would stockpile their rice. That is, it supported having the farmers play the rice market just like the rice mills and exporters. Playing the rice market is always risky. It's like playing the stock market. Those who play the market must constantly monitor the situation. If rice prices are high at the beginning of the year and then drop during the middle of the year, who will take responsibility? Will the farmers or the BAAC take responsibility? I don't think that any of these three units should be playing the market. It's too risky. And I don't agree with letting the farmers take responsibility.

However, merchants often make huge profits from stockpiling rice. And so some may think that the farmers should receive a share of those profits. Looking at the profits made from stockpiling rice, on the average, prices increase 7-8 percent from the beginning to the middle of the year. And this is before deducting storage fees and interest. It would be better to deposit the money in a bank account.

Stockpiling rice is dangerous. It's dangerous to allow all three groups to play the rice market. I don't want the Bank of Thailand, the BAAC, or the farmers to suffer losses. It's too risky. It was fortunate that rice prices rose last year.

[Question] But doesn't the government have to extend low-interest loans for political reasons?

[Answer] Political reasons always have a backlash. I don't want to comment on this. This year, the government has good reason not to take action. But I admit that it had to do something last year. That's politics. The situation is good now, and so the government doesn't have to do anything.

[Question] What do you think should be done with the 370,000 tons of rice stockpiled by the Ministry of Commerce?

[Answer] This year, we already have enough to export 2 million tons. With this much rice stockpiled, I think that the government should think about selling this. The government should act like a merchant. It must consider how it can sell this rice at the best price. It's like trading shares. You have to figure out the best time to sell in order to get the best price.



Today, the government does not have a policy of playing the market. Today's prices are probably satisfactory to the government. That's what I have read. As for the 370,000 tons of rice that have been stockpiled, it's a little late to sell it now. Prices were better 2-3 weeks ago. If this rice is sold all at once, prices on the markets will drop, which will be bad for the government. Thus, I think that the government should release this rice gradually. It should not sell the rice at a time when prices are weakening.

[Question] How should this rice be released?

[Answer] In my view, if the government wants to sell this rice, it should seek bids. Or if the government receives a government-to-government order, it can sell it that way.

[Question] What do you think about the fact that the rice mills oppose the sale of this rice?

[Answer] The mills will object whenever the rice is sold. They will never agree with this. They would agree only if they could purchase the rice. Those in rice trading circles know that when rice prices rise, the mills will smile while the exporters frown. But when prices drop, the mills frown and the exporters smile.

[Question] Is there any chance that the rice stock policy and quota system will be used again in order to control the amount exported in view of the low rice yields?

[Answer] I don't think that they would dare do that again. I think that it would be a terrible mistake to block exports by using a quota system. But the Ministry of Commerce might use a similar quota system, that is, government-to-government. There shouldn't be any problems if the government does this in a straightforward manner, that is, if it allows bids and does things openly. But from what I understand, the under secretary of commerce wants to pull the reins and control the exporters. If anyone objects, he will not give them government-to-government contracts. Under Secretary Phachon has some tricks up his sleeve. But I don't agree with this policy. For one thing, this leads to political interference.

[Question] How high do you think paddy prices will be at the beginning of the 1988/1988 production season?

[Answer] My guess is that the price will be about 3,000 baht per kwian.

[Question] Given this year's situation, what should the farmers do?

[Answer] The farmers should not speculate. They should determine whether it is necessary to sell. They should look at their own financial situation to determine whether they need to sell.

[Question] If rice prices are high at the beginning of the season and the mills purchase smaller quantities than normal because the government won't extend them low-interest loans, won't rice prices plunge?

[Answer] I don't know how united the mills are. The Rice Mill Association has made this threat. I don't know how big it is. The rice mills have been trying to do that for years. But this is a very good time to buy.

[Question] If the government refuses to extend low-interest loans in accord with the reports that the Bank of Thailand will not extend loans to the Rice Mill Association through the commercial banks, the mills might not purchase rice.

[Answer] That is their bargaining chip. They are saying that if they aren't given a loan this year, they will not buy rice at the beginning of the year. It depends on whether we are afraid of them. If they want to play rough, we have to play rough, too. It depends on how resolute the government is. I don't think that the government fears them.

[Question] Last year, the mills received 5 billion baht in low-interest loans. This year they may want 2-3 billion baht.

[Answer] It's a matter of bargaining. I can't comment on this. I can't guess. The prime minister and Mr Montri (Montri Phongphanit, the minister of commerce) must negotiate with Mr Ophan Akatwiphat and Mr Nippon Wongtrangan, or Subdistrict Chief Song. They must fight it out among themselves and decide what to do. The government may say that it does not have any money. How can we know who is stronger?

[Question] Do you think it's time that we implemented standard regulations for the system of trading and exporting crops such as cassava, rice, and soybeans?

[Answer] As for various types of agricultural products, during the past 6-7 years, the policies have gradually been freed from interference. There are no longer any regulations on corn. Rice is almost free of interference. I think that things have improved since last year. But next year, I don't know whether groups will be formed again or not.

At present, there are two or three things that worry me. For example, the import of soybean meal affects vegetable oils. We must consider this. We are tied to the United States, too. I don't know what the United States will do, because we have now pulled back. We have to look at the agreements carefully. I don't think there should be a master plan that must be adhered to rigidly. The rules must be flexible. They have decided to make this a policy. We must revise our policy.



One thing that I don't understand is that the matter of the date for stockpiling cassava is a policy matter. This should be a matter for a C-4 official, not the minister. Every time there is a quota system.... This shows that people are constantly looking at the agreements. As for cassava, we have a contract with them.

There are several cases, such as soybeans. I didn't say that we have to have free imports. We want to control our producers. We have ways to maintain domestic prices using the tax system that has been announced. There is one thing that has been overlooked and that does not interest the government. But the tax rate is very high. The item that few people talk about is para rubber. You don't need a permit to export para rubber. This can be exported freely. In the past, the Ministry of Finance collected a very high tax. I don't know how much it is today, but it has declined. Today, we use a progressive tax rate. When the price of para rubber increases, the tax goes up, too. By collecting taxes this way, there is no cheating. Prices are announced every 2 weeks. I think that this system should be used for soybeans. Because soybean meal can depend on the price on the Chicago market. For example, suppose that we want the internal price of soybean meal to be 8 baht. We have to use the price on the Chicago market and then convert this to the CIF price in Thailand. Suppose that today's price in Chicago is 4 baht. We set the tax for next Sunday at 4 baht. Then, next Monday, the price on the Chicago market is 4.5 baht. We change the tax to 3.5 baht. If the price in Chicago rises to 5 baht. The tax drops to 3 baht. Using this system, you don't have to set quotas.

[Question] In short, the trade and tax system for soybeans and soybean meal should be the same as that for para rubber.

[Answer] That's correct. If this system is used for soybean meal, that item will move ahead of para rubber.

[Question] Is this possible in actual practice?

[Answer] Yes. But no one wants to do this. They can't make any money, because the taxes go to the treasury.

[Question] You have been studying rice and agriculture ever since you were an instructor at the university. Do you think that your work has achieved very much?

[Answer] Our research has increased people's knowledge. I'm not the only one who has learned. When scholars obtain data, they pass it on to the mass media. The people gain knowledge. It's nice being a scholar in this country, because the people have confidence in you. But when research data are released, that does not mean that everyone has to accept the data. It's a way of informing those responsible about the problems. Conducting research helps us to determine what the system should be like and gives us information about which matters the ministers need to make decisions. They don't need to make decisions on every matter.

### **Chawalit Order on Army Officer Classification, Retention**

42070055a Bangkok MATICHON SUT SAPDA in Thai 15 Nov 87 pp 7, 8

[Unattributed report: "Big Chiu's Revolution in the Army; Incompetent Officers Will Be Discharged"]

[Text] Gen Chawalit Yongchaiyut, the RTA CINC, issued Army Order 827/2530, whose contents are as follows: 1. Division of army officers into four categories; 2. Promotion to colonel requires a bachelor's degree; 3. Physical fitness tests; and 4. Discharge from the service.

"I think that this order represents a new revolution in the army," said an officer close to Gen Chawalit. He added that "we will screen the officer corps for sluggards. These people will be discharged."

This order pointed out that some commissioned officers are incapable of developing their capabilities and qualifications. If they remain in their present positions until they retire, there will not be enough positions to rotate the personnel. Thus, criteria have been established for dismissing officers who have not made any progress in their work and elderly officers who are inefficient.

No progress in work: This includes officers who have not been able to develop or advance in their field and who have held the same position for so long that they have advanced to the top pay scale for their grade, with that grade held for 2 years or more.

Inefficient: This includes officers who have received a work efficiency rating of low or very low 2 or more years in a row. (For those who are too young for discharge, their retirement allowance will be suspended or they will not be promoted to a higher grade based on the individual case.)

An army news source said that this order applies to officers with the rank of sublieutenant through colonel. The purpose is to discover those factors that "promote" or "limit" an officer's progress in his career in order to improve and develop his capabilities in accord with his position.

Gen Chawalit's new line uses educational background and basic knowledge as the criteria for assigning commissioned officers to one of four categories:

Type 1: Graduation from Chulachomklao Royal Military Academy [CRMA], the King Mongkut's College of Medicine (bachelor's degree in medicine), or a foreign military academy approved by the Ministry of Defense (course of study leading to at least a bachelor's degree). Those with such an educational background are qualified to hold any rank or position. They must be prepared to rise to senior command or administrative positions.

Type 2: Graduate of a reserve officers or special officers training program or graduation from a foreign military school (course of study below the bachelor's level). Such officers are to be considered temporary personnel used to supplement type-1 officers. They can be assigned to entry-level positions in platoons and companies only. After that, they can be assigned to administrative, personnel, training, or logistics positions. They cannot be given command of a combat unit or engage in combat planning (no operations duties).

Type 3: Commissioned officers who have risen through the NCO ranks. Sublieutenants, lieutenants, and captains can be assigned positions in platoons and companies. After that, they must follow the same path as that of type-2 officers.

Type 4: Officers who graduated from a civilian university and who are unfamiliar with military life. During the 1st year, they can be assigned to a combat or combat support unit or to a unit that is near combat. After that, they can be transferred based on their field of study or qualifications.

Because of this division of officers based on their educational background, officers who graduated from CRMA stand a much better chance of being promoted to field grade and higher. These officers are in the top "caste." Type-2 and type-3 officers who advance to field grade cannot be assigned to command positions. And officers who have graduated from a civilian university are confined to positions in accord with their qualifications.

Besides this, in this army revolution, educational standards are considered "important and essential." Captains must have completed company-grade training in their branch of service. The same is true of field-grade officers. What is very important is that "colonels must have a bachelor's degree in a subject related to their tasks or future position."

"There were many officers who were waiting their turn to be promoted to colonel. But now that this order has been issued, they are no longer in line for promotion, because they rose through the ranks or have civilian or reserve officer backgrounds," said a lieutenant colonel.

Another very interesting stipulation is that to be appointed to a staff position, an officer must have graduated from the Army Command and General Staff College or its equivalent as determined by the army. "It is well known that only CRMA graduates are admitted to the Army Command and General Staff College. Thus, it's quite clear that only CRMA graduates will have a chance to be appointed to staff positions," said the same officer.

The order also requires that officers take a physical fitness test twice a year in February and August. A committee has been established to test all soldiers between the ages of 17 and 52. They will be required to do push-ups, run laps, and do sit-ups.

Those who are in line to be appointed to a position that will entitle them to receive "danger pay" will not be appointed if they fail to pass the test two times in a row. Those whose score is above 60 (passing is 80) will be transferred, or they will not be paid this bonus. Those officers who fail the test twice in a row will be assigned to Army Headquarters. After that, if they fail to pass the test the next year, they will "discharged and placed in the reserves." This physical fitness test will not be given for another 2 years. This is a warning. Officers should begin preparing themselves.

It seems that this is another order aimed at altering the structure of the army in line with the policy of economizing and increasing the efficiency of the army. This is a very bold move on the part of Gen Chawalit. But morale should be monitored closely, too.

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#### **Air Force Commander on Internal Politics, Prem Ties**

42070038 Bangkok SIAM RAT SAPDA WICHAN in  
Thai 11-17 Oct 87 pp 18-22

[Interview with Air Chief Marshal Woranat Aphichari, the new RTAF CINC, at Air Force Headquarters on 2 October]

[Text] The annual military reshuffle held a few major surprises, particularly in the air force. Air Chief Marshal Kaset Rotchananin, the AF chief of staff, whom everyone thought would be appointed RTAF CINC, was appointed deputy RTAF CINC. Instead, Air Chief Marshal Woranat Aphichari, the assistant RTAF CINC, who rarely appears in society and who is rarely seen by those outside the air force's "gray fence," was appointed RTAF CINC. As a result, people wonder whether this officer has inside forces or something else that helped him win appointment to the top position in the air force. In order to help answer the questions of those in air force circles, SAPDA WICHAN interviewed the new RTAF CINC the day after he took over from the outgoing RTAF CINC, Air chief Marshal Praphan Thupatemi. The interview was held at the Ha Chaek Building, Air Force Headquarters, on 2 October. The following are the thoughts of the new commander, who does not want people to call him "Big," because he does not like this word. Air Chief Marshal Woranat Aphichari talked about his appointment to the position of RTAF CINC. He said that he is very happy about this. That is normal. But that does not mean that he is overwhelmed by this. He said that both he and his family are happy about this.

[Question] What do you think about the talk that this was a great surprise?

[Answer] That is in the past now. Let's not talk about that. I am sure you heard the television interview with the RTAF CINC and the supreme commander. I think that they stated the reasons. I don't think that I should comment on what they said. I think that enough has been said. I am their junior.

[Question] People think that there are splits within the air force.

[Answer] That is not true. I don't think that that is true. Everyone, including you, has friends and certain people to whom you are particularly close. And there may be others who do not like you. When you advance, your friends will be happy. But if you fail to advance, they will be sad. We can't prevent people from liking others. But the air force does not depend on individuals. It is a system that was implemented a long time ago. Otherwise, the air force would have collapsed long ago. We have survived because of the system. As for feeling happy or sad about the fortunes of our friends, that's normal. But we all have the same goal. Otherwise, the air force would not be able to survive. It would have collapsed a long time ago. Each time that a new commander is appointed, his appointment will please some and displease others. But we must continue to carry out our duties.

[Question] There have been rumors about a "dark strike" by those who are unhappy.

[Answer] That won't happen. Once the royal order has been issued, those in uniform will abide by the order.

[Question] Personally, why do you think that your superiors have placed such confidence in you?

[Answer] You will have to ask my superiors about that. (laughs) I don't know what their views are. If you ask me what criteria I use to choose subordinates, I can give you an answer. But I can't answer this question. If you want to find out, you will have to interview my superiors.

[Question] People think that you have inside forces.

[Answer] That's not true.

[Question] Many people think that you are a protege of Prem.

[Answer] If that were true, I probably would have risen to the top faster than this. (laughs) You know that I am telling the truth when I say that few people know about me.

[Question] Why is that?

[Answer] That is my nature. I prefer that only my superiors know what I am doing. Only those close to me know what I have done and can evaluate my work. My superiors know what I have done. We are in the military. We can't inform everyone when we do something.

[Question] But people think that you are very close to Prem.

[Answer] You may not believe me, but I have never had a personal visit with Gen Prem. On his birthday, I went with other members of the three branches of service to pay our respects. He greeted each of us. I met him then. And I have met with him when he has come to air force headquarters. But I have never had a personal chat with him.

[Question] Are you close to Mr Bunthung (Bunthung Phongphanit)?

[Answer] I have to preface my answer so that you don't misunderstand. I was born in Korat, as was my wife. My wife and Mr Bunthung were in the same class in school. We are very close to each other. I have known him ever since he was a young man. We did not meet each other just recently.

[Question] Do you still see each other?

[Answer] Yes. We have always stayed in contact with each other.

[Question] Do you still have a house in Korat?

[Answer] I was born in Korat. But I didn't live there very long, because my father was a government official and was frequently transferred. But my wife grew up in Korat. Her father died, leaving her mother alone. Her daughter lived in Bangkok and so she moved to Bangkok to be near her daughter. But she still has a house in Korat.

[Question] You are close to Mr Bunthung, and Mr Bunthung is a protege of Gen Prem. Thus, people view you as a Prem protege, too.

[Answer] That's not correct.

[Question] There were reports that Mr Bunthung took you to see Prem in Korat.

[Answer] That's not true. I will tell you about this. That was the day that the Royal Order was issued. I told my wife that we should get away for awhile. Because if we stayed here, we wouldn't get anything done. People would be calling us and so on. I said that it would be better to go to Korat. When we arrived in Korat, I telephoned Mr Bunthung to ask him to go out to dinner with us. When I called, he said that he couldn't go, because he had guests coming to dinner at his house. I said, Oh. He asked where I was going to have dinner. I



told him the name of the restaurant. He said that if his guests left in time, he would stop by for a chat. If not, we would see each other some other time. I had just finished eating and was getting ready to pay the bill when Mr Bunthung arrived. He said that his guests had just left. We chatted about ordinary matters for awhile. Both of us then went home. He said that before he came, a newspaper had called to ask about my meeting with Mr Bunthung and Gen Prem. I asked where they had gotten such information. He said that he didn't know. He said that they asked this and that about the meeting with Gen Prem. I said that it would be better not to say anything or argue with them. If I had called MATICHON and told them that I had not met Gen Prem, MATICHON would have taken that opportunity to ask many more questions. I thought that it would be better not to say anything and to let them say whatever they wanted. And so I didn't dispute this. That's it.

[Question] Did Gen Prem make any suggestions?

[Answer] I have not yet met with Gen Prem.

[Question] What about the day that Gen Prem left on his trip abroad?

[Answer] That day, I submitted a report. He didn't say anything.

[Question] You haven't talked to him?

[Answer] We haven't met yet. He is very busy. He has a lot to do.

[Question] Have you ever telephoned him?

[Answer] No, never.

[Question] Has he given you any special orders?

[Answer] No.

[Question] Did he congratulate you?

[Answer] Yes, he congratulated me that day (the day that Prem left on his trip abroad). He did not say very much.

[Question] Besides Mr Bunthung, are there any other politicians with whom you have close personal relations?

[Answer] No.

[Question] Did any politician call to congratulate you?

[Answer] No, no one. (laughs)

[Question] Would you tell us about your career in the air force?

[Answer] After I graduated from the Air Force Academy, I attended the Flight Training School. After we graduated, 10 members of my class were chosen to serve as flight instructors. I served as a flight instructor for 3 years. I then received a scholarship to take the flight instructors course in the United States. After returning, I again served as a flight instructor. After Commander Khamron (Air Chief Marshal Khamron Buranasiri) was appointed commandant of the Flight Training School, he told me that I had served there for many years and that I should serve with a combat unit. I transferred to the 1st Wing at Dong Muang. At that time, we flew F86 aircraft.

I served with the 1st Wing as an ordinary pilot and was finally made a flight leader. I was the wing's activity officer. After I was promoted to flight lieutenant, I was sent to the Squadron Leaders School. After graduating from this school, my superior told me that a wing fighting in Laos needed men. He asked me to go help. I served as the head of a Thai air unit in Laos. I don't want to boast, but I was the first leader of a Thai air unit who actually saw combat. Before that, the leaders had let their men do the fighting. But I went on combat missions, too. I felt that I could not command my men if I did not go on combat missions with them. I had to go. The normal tour of duty was 6 months. After that, people were rotated home. But I stayed there 1 year. I flew a total of 150 missions. The usual number was 100. The American pilots had already returned home. I stayed a full year. The chief of staff of the Directorate of Operations requested that I serve as his aide. I really didn't want that job. I didn't like that work. Because I am very simple in my speech, that is, I like to get to work. But I didn't know what to do. He asked that I serve as his aide, and so I had no choice. But he was a good man. He was very frank. He told me not to worry. He said, "I know that you are unhappy. But you don't need to be depressed. You are my aide only during government hours, that is, from 0800 to 1630 hours." And he was true to his word. I served as his aide for only a few months. I felt very constricted. By chance, a test was given for people who wanted to take staff training in England. I asked my superior if I could take the test. He asked me why I wanted to take the test. I said that I just wanted to try, and he gave me permission. I took the test and passed. And so, I served as an aide for only 2-3 months. I studied in England for a year. After returning, I was appointed deputy commander of the training unit at the Flight Training School. Because the commander of this unit had been chosen to serve as a military attache, I was appointed deputy commander. I held this position for 3 years. After that, I was transferred back to the 1st Wing, where I served as the leader of Squadron 13.

After about 2 years with the 1st Wing, I was made head of the training unit, Tactical Air Command. A year or so later, I was appointed deputy commander of the 1st Wing. At that time, the 1st Wing was without a commander and so as the deputy commander, I served as the acting commander. I served with this unit until it was transferred to Korat. I went and looked at the site and so



on. But when the wing actually moved, I did not accompany it. Instead, I was appointed deputy director and then director of the Air Operations Division, Directorate of Operations. After that, I served as the commander of the Air Operations Center, Directorate of Air Operations Control, deputy director of operations, director of operations, assistant chief of staff for operations, deputy chief of staff, and assistant RTAF CINC. Now I have been appointed RTAF CINC. I have spent most of my career in the operations field.

[Question] In developing the air force, you have said that you will focus on developing the personnel.

[Answer] We can't get away from technology. We have all heard about computers and other such things. We are now making great use of technology. We can't get away from technology. There is a worldwide technological network. If we do things manually while they use computers, we won't be able to communicate with them. We would have different systems. What I have said is that because we can't get away from technology, because we have to use technology, we have to use people who have more advanced knowledge. It should not be forgotten that technology can save us time. By using technology, we can reduce the number of personnel. But we need high caliber people. I think that Thailand has a large number of such people.

[Question] Then you plan to reduce the size of the air force.

[Answer] I don't think that this will reduce the size of the air force. It will just keep it from getting fat. The air force must have a sufficient number of men. We can't reduce its size. What we want to do is improve the quality and arrange things properly. Take a printing plant, for example. If there are a hundred reporters but only one type setter, it will be impossible to publish the paper. Because the single type setter can't do everything himself. It's a matter of arranging things in correct proportion. For example, if we want to print a million copies, what should the proportion be? Or if we want to print 50 copies, what should the proportion be? If we have this many aircraft, what should the proportion be? The basic problem is how to achieve maximum efficiency.

[Question] This policy was implemented a long time ago.

[Answer] Former commanders began to take action on this. This is not the only thing we are looking at. We try to predict what will happen in the future. We formulate plans and take action in accord with the plans. But we review things every year to see if the situation is as we predicted. If it isn't, we adjust our plans.

[Question] What about the budget, which affects technological development?

[Answer] There is no country in the world that feels that its defense budget is adequate. Even in the United States, one of the richest countries in the world, the U.S. Air Force has complained that its budget is too small. The fact is, in terms of our responsibility, we will always need more money. But we have to know what our nation's economic capabilities are. We have to know what the economic growth rate is. If we suddenly discover oil everywhere throughout the country and there is an economic boom, then it's simple. The government would not have any problems. But if our economic rate of growth stays like this, I think that the air force's budget will probably stay at this level. It would be unrealistic of us to ask for 20 billion a year. That's not possible. Given this fact, we have to decide how to make the best use of the funds we have. If we were millionaires, we could tell the servant to buy a car to go to the market. We could buy another car to take the children to school. Our wife would have a car, and we would have one to go to work. We could spend money to solve the problems. But if we don't have much money, we have to use our brain. We have to figure out how to use the one car that we have to carry out the various tasks. We have to use our brain. Because we lack money, we have to use our intelligence to solve the problems.

[Question] How do you feel about being criticized by the newspapers over such matters as the purchase of F16 aircraft?

[Answer] Holding such an important position is like being put out in the open air. When it rains, we get wet. When the sun is out, we boil. If we don't want to get wet, we can take shelter under an umbrella. We don't have to take the top position, right? Getting wet when it rains and boiling when the sun comes out is normal if we stay out in the open. This is how I feel. Thus, such criticism doesn't bother me. I feel that this is normal for people in senior positions. But in the end, they will probably understand us if we are honest. They don't understand me yet. They can say whatever they want.

[Question] Personally, what are your relations with American air force officers like?

[Answer] As far as the air force is concerned, we can't talk about individuals. We have to discuss things at the level of units. The Royal Thai Air Force has good relations with the U.S. Air Force. And we have good relations with the air forces of the ASEAN and European countries. The previous RTAF CINC developed very good relations with these countries. Our relations with those countries with which we have friendly relations and where we have air force attaches are very good.

[Question] How does our air force compare with those of other countries in this region?

[Answer] I will discuss this in relation only to those countries that we consider to be enemies. In looking at their war potential, we have to look at several things,

particularly the combat forces or air forces. Vietnam has 150-200 aircraft that could operate out of southern Vietnam and that could pose a threat to us. It's lucky that we have good relations with China. Relations between China and Vietnam are not very good. Thus, Vietnam has to keep some of its forces in the north. However, they have about three or four times as many fighter aircraft as we do. This is very worrisome, because the difference is very great. If we can procure an additional 10 or so F16 aircraft, that will help reduce the difference. But to put ourselves on a par with them, we would need to obtain another 150 aircraft. That is virtually impossible. But if we can reduce their advantage, we will feel better.

[Question] Recently, air force personnel in neighboring countries, such as the Philippines, have played a role in opposing the government or staging a coup. What is your policy on this?

[Answer] Oh! If the foot isn't touching the ground, how can you stage a coup? If you can seize heaven, perhaps that would be all right?

[Question] But the air force has combat units, such as the RTAF Security Force.

[Answer] The numbers are too small. And people have different objectives. When you say the RTAF Security Force, you mean that we have aircraft and equipment based at the air field. We have personnel there to protect the materials kept at the air field, not to fight others. The number of men is adequate for protecting the materials. They couldn't be used to stage a coup. That's impossible.

[Question] But people have done this.

[Answer] And what was the result? (laughs)

[Question] Is the air force playing a role in suppressing urban terrorism?

[Answer] We began playing a role during the time of Commander Phaniang (Air Chief Marshal Phaniang Kantarat). There were many hijackings during that period. He realized that Thai Airways International operated many aircraft. What would we do if there was a hijacking at an airport here? He felt that we needed to establish a special operations unit to deal with hijackers. We established such a unit, and this unit is still in existence. It is composed of only 60 men and has only one task, suppressing terrorism aboard aircraft. We work with aircraft all the time and so we know where the doors are located and how the aircraft are fueled. As air force personnel, we are experts in these matters. We have taken action many times. But we won't participate in quelling riots in the cities.

[Question] But if there is a coup, the air force could be used to exert pressure, such as by buzzing the headquarters of the rebels.

[Answer] I really don't want to talk about this. To put it simply, I don't want people to think too much about coups. I never think about that. I don't want to have such ideas.

[Question] But even if we don't think about this, if someone asks us to become involved, the situation might become difficult.

[Answer] We must look at things this way. Before England became a democracy, it was a monarchy. After the monarchy was done away with, England did not become a democracy right away. Cromwell disbanded parliament. A similar thing has happened here. Democracy has struggled along and tried to put down roots. This must be given time. You can't bring about democracy in a single day. Look at the communists. When they take over a country, that does not mean that they can implement communism immediately. To get the people to accept the same line, they have to be sent to school and educated. Even Vietnam has not completed this task yet. This is normal for a system. When we change from one system to another, it takes time to implement the new system fully. There will be a period of ups and downs. That is normal. But look at England today. Do you see anyone there talking about a coup? That system is a part of them now.

[Question] Do you think that politics and the military will get along or separate?

[Answer] It's like this. I think that everyone here is a Thai. There are things that worry us, and the progress made in unifying the people of the country cheers us. This is normal. As for politics and the military, personally, I consider myself to be a professional soldier. I love my profession. But if the country starts to collapse, I can't say that I won't interfere just because I am a professional soldier. I think that every soldier feels this way. If the situation in the country is good, no one will think about taking action. But if the country starts to collapse, that is another matter.

[Question] What do you think about the present political situation?

[Answer] I think that things have improved. You can think about this for yourself. Do you think it will be easy or difficult for someone to stage a coup in the future? Most people think that it would be very difficult.

[Question] It's said that people buy votes during elections. What do you think about this?

[Answer] In Bangkok, it would be difficult to buy votes. Why? Just wait awhile. When people outside Bangkok have the same level of knowledge as those in Bangkok, this will no longer be a problem. Right?

[Question] The air force's image has been greatly tarnished in the view of outsiders, particularly in the wake of the share fund scandal. Now that you are the RTAF CINC, what steps will you take to improve this image?

[Answer] As far as the share fund matter is concerned, I don't think that anything needs to be done. That is in the past. If someone should establish another fund, I don't think that anyone would dare invest in it. This is no longer a problem. That is in the past.

[Question] Is there any indication that this will happen again?

[Answer] No. Who would dare invest in a share fund again?

[Question] There have been reports that air force personnel are in back of the black-sign taxi gang. What steps will be taken to solve this problem?

[Answer] If we act resolutely, we can solve all these problems. I have discussed this with the new airport director. I think that we will be able to solve this problem.

[Question] Then you admit that there is a problem?

[Answer] I don't want to call this a problem. Let's just say that things are not as orderly as they should be for an international airport. This happens in other countries, too. This is not a good image. But I think that there are ways to handle this.

[Question] Has the Ministry of Communications made any special requests?

[Answer] This is a matter for those responsible. Each sector must be aware of what its responsibilities are. It isn't necessary to make requests. We know what our responsibilities are. If we do our best, everything will be fine.

[Question] You have said that personally, you don't like politics.

[Answer] I have told you that I consider myself to be a professional soldier. That is what I love. But as I said earlier, just because I am a professional soldier does not mean that I can allow the country to collapse in front of me. That's impossible. But we can't interfere just because we don't think they are acting properly. That's not right.

[Question] Have you discussed the political problems with fellow classmates?

[Answer] No. We have not discussed such matters. We are concerned with developing the air force.

[Question] It's said that you are a very tranquil person.

[Answer] I feel that life is very short. You may not agree. (laughs) But I feel that life is short and that there are many things to be done. I know that there is no way I can get everything done. And I feel that happiness lies within us. If we feel content, we will be happy. A person can be very wealthy and still not be happy. I do not think that money is very important. But that does not mean that we don't need money. It's just that money is not the most important thing. If we have enough to live on, that is enough. That is how I feel.

[Question] It's said that you like to go to the temple.

[Answer] I have discussed this in several previous interviews. Going to the temple always gives me a good feeling. When we chat with others, sometimes they talk about things that are none of our business. But it still makes us feel bad. For example, they may talk about personal problems. Listening to such things turns our happiness to sorrow. But when I go the temple, the monks never talk about such matters. They talk only about things that lift our spirits. I think that if we feel happy, our brain will work better, too. On Monday, we will be ready to go to work. Because by Friday, our brain has slowed down. By chatting with the monks and "recharging my batteries," I have the energy to go back to work on Monday.

[Question] Do you like concentration or charms and amulets?

[Answer] I am somewhat strange. People see me going to the temple and think that I must be this or that. But I go to the temple in order to relax. Some people think that I practice concentration and have visions. But that is not correct. I don't do that. I go to the temple for other reasons. The Buddha taught that laymen must follow the five precepts. He did not say that we must practice concentration. But this is one step toward concentration. It depends on what our intention is. If that is our intention, we can go ahead. But if we just want to observe the five precepts, that's fine.

[Question] Now that you have been appointed RTAF CINC, have there been any major changes. For example, are more people now trying to see you?

[Answer] That's normal. As I said, people do not live alone in this world. We have friends and acquaintances. When we move up, they come to express their congratulations. This is normal. It's only normal that they come. But I don't like people to feel that they have to come. I issued a notice saying that people should not send baskets of flowers and that a card would be sufficient. I am very busy. Doing things this way is more convenient for all of us. They don't have to go to any special trouble, and I will have more time to work. We can meet each other halfway like this.

[Question] What about the matter behind your house?



[Answer] I think that all those who came to express their congratulations sincerely wanted to congratulate me. Most of those who came were relatives and friends whom I have known since I was a junior officer. These people have never asked me for special favors. Thus, I think that they came because they really wanted to come. I don't think that they came in order to benefit in some way.

[Question] There were 31 cadets in your class. How many are still on duty in the air force?

[Answer] Some have died and others have left the air force. There are only a few left.

[Question] Do you get together with them very often?

[Answer] We have a reunion once a year. We don't have a class president. We get together as friends to see what each is doing. We ask about others who are not there and so on.

[Question] Like Chulachomklao Royal Military Academy Class 5.

[Answer] Let's not get into that. (laughs)

[Question] Do you have friends in other branches of the service?

[Answer] Yes. We are soldiers. In military life, you have to have friends. I attended the Armed Forces Staff College and the National Defense College. I met people at both schools and became friends with them even though we are in different branches of the service. We are all very close.

[Question] With whom were you particularly close when you attended the National Defense College?

[Answer] Gen That Aknibut, Aphitthep, the commander of the Peacekeeping Center, Deputy Chief of Staff Kasem, Singha, the director of the Army Medical Department, and several others. In the navy, there is Wichan, the chief of the Naval Dockyard Department, the chief of the Naval Medical Department, and several others.

[Question] To which of the "bigs" are you close?

[Answer] Truthfully, I would prefer it if you did not refer to me as "Big." (laughs)

[Question] You were a classmate of Big Te (Air Chief Marshal Kaset Rotchananin).

[Answer] That's right.

[Question] You are related by blood, too.

[Answer] How do you figure that? My brother married a cousin of Kaset. I don't think that makes me a blood relation of his.

[Question] Do you see Big Te very often, because you live very close to each other?

[Answer] To be frank, and I think this probably applies in your case, too, even though you live near someone, you don't visit them very often. Right? But you still feel that you are close to them. I rarely go out. In the evening, I return home and stay with my family unless there is a funeral or wedding.

[Question] Do you still fly?

[Answer] I stopped flying a long time ago for a variety of reasons. One reason is that in one period, they rationed gasoline. You may remember that. Although I had already been transferred from the wing at Don Muang, I continued to fly. But during the oil shortage, there was very little fuel for flying. If I had flown, that would have meant taking flying time away from other pilots whom we depended on to defend the country. And so I had to stop flying. I thought that we should conserve fuel for the other pilots in the interests of the country. I haven't flown since then.

[Question] What do you do for exercise?

[Answer] If I tell you, you probably won't believe me. (laughs) I never exercise.

[Question] What do you like to do in your spare time?

[Answer] I like to read. I read very quickly. Because I am so fond of reading, I read very quickly. I finish a book very quickly.

[Question] What types of books do you like to read?

[Answer] All types.

[Question] Then you are a bookworm, right?

[Answer] No. I'm not a bookworm. If I like a book, I finish it very quickly. But I don't collect books that I don't like. For example, I don't read murder stories. I don't like them.

[Question] How many daily newspapers do you read?

[Answer] Six or seven.

[Question] No one selects articles for you?

[Answer] This upsets me. It's a waste of time. But that is their duty. That have to do it.



[Question] In a previous interview, you said that you joined the air force because you went with a friend to take the Air Force Academy entrance examination. Now that you have reached the top in the air force, how do you feel?

[Answer] Regardless of what I am doing, I always try to do my best. I have never asked for a certain job or tried to pull strings to get an assignment. I have always tried to carry out the tasks assigned me to the best of my ability. Before I was sent to Laos, junior officers came and told me that they wanted to go fight in Laos. I said, why do you want to go there? Wait until there is fighting here. But when my superior asked me to go, I went even though I had never thought about going. But when my superior ordered me to go, I went. When I got to Laos, I did my best. That's how I am. I did not have any burning desire to join the air force. But after I joined, I did my best.

[Question] Now that you are the RTAF CINC, do you feel that your life has changed in any way?

[Answer] No. My life hasn't changed. Our life won't change unless we try to change it.

[Question] But don't you have less privacy now?

[Answer] That's only normal. I have never felt stressed. Put simply, I have never felt depressed. Whether just one person or many people come doesn't make any difference to me. I don't feel any tension. When I get up, I eat what is there. If there isn't anything, I drink a glass of water. (laughs)

[Question] Do you like to sleep a lot?

[Answer] No. Normally, I don't go to bed until midnight. I don't know why. I putter about doing this and that. (laughs) Then around midnight, I go to bed.

[Question] Do you still go home about the same time as before?

[Answer] I go home at 1630 hours.

[Question] Do you have guests over every day?

[Answer] On some days. Usually close friends.

[Question] To what work principles do you subscribe?

[Answer] Even since I was a junior officer, I have always tried to carry out the tasks assigned me as well as possible. Second, I have always noted the conduct of my superiors and tried to pattern my behavior on those who have conducted themselves properly. I have gained experience from my superiors. When I went abroad, I observed things and remembered the good points. These are the things that have helped me improve my work efficiency. I also think that being sincere is very important. Because if we are sincere, soon or later, that sincerity will manifest itself. We don't have to give any reasons. If we meet someone else,

they will be more impressed if we don't "advertise" our sincerity. Thus, I think that we must always do our best and be sincere, without advertising this. As for my subordinates, I always tell them to work quickly and not be slow. I think that if this is applied everywhere, it will be of great benefit. Because if something is done too slowly, it may not bring results. We must work quickly and accurately. That is, if something is done quickly but sloppily, that is worthless. Third, efficiency is very important. A person can be fast and accurate but inefficient. That is, he never makes any suggestions or gives ideas. He is like a postman who just passes things on. He is fast and accurate, but this is like a worthless scrap of paper. I try to teach my subordinates to be fast, accurate, and efficient. If they don't have these three qualities, they need to improve.

[Question] Was becoming the RTAF CINC your goal?

[Answer] I never set any such goals. My only objective was to do the best job possible and let that take me where it would.

[Question] What was the most fearful thing you ever experienced?

[Answer] I have always tried to remain calm. Even when I was in an airplane accident, I remained calm. I was about 30 years old at the time. A friend crashed into my plane. I remained conscious the whole time. My friend was killed, but I managed to parachute to safety.

[Question] What type of aircraft were you flying?

[Answer] An F86.

[Question] Where you on a combat or training mission?

[Answer] A normal training mission.

[Question] In combat, were you ever hit by enemy fire?

[Answer] No. I had a good amulet. (laughs)

[Question] How many children do you have?

[Answer] Just one, a 4th grader. I married late. I was 41 years old when I got married.

[Question] In your youth, did you have many girl friends?

[Answer] No. Normally, I like to live very simply. I don't need much. (laughs).

**Army Chief of Staff Comments on Communist Suppression, Constitution**

42070048a Bangkok MATICHON in Thai  
15 Oct 87 pp 1, 13

[Excerpts] At 1545 hours on 14 October at the National Peacekeeping Command, Sua Pa Field, in his capacity as the secretary general of the Internal Security Operations Command (ISOC), Gen Charuai Wongsayan, the army chief of staff, announced the results of the meeting to evaluate the anticommunist struggle. He said that those at the meeting summarized the situation regarding the activities of the Communist Party of Thailand (CPT), the bandit terrorists, and the dark power groups throughout the country. Today, the armed forces of the CPT number approximately 400-500 men scattered throughout the country. They try to avoid clashes with government officials or village militia. Some groups are acting like bandits.

"Our country has a democratic form of government. No one can argue about that. We have the forms, that is a House of Representatives and MPs. But the substance is something else. In particular, those things that are not really democratic could enable the CPT to expand its front," said Gen Charuai. He added that the ISOC would like to emphasize that destroying the CPT's front means destroying dictatorship and building a perfect democracy.

**A National Political Offensive**

The army chief of staff said that the military will make a great effort to launch a national political offensive. When talking about this, it is also necessary to talk about the people's representatives. The military wants to see representatives who will use their power on behalf of the people. They should be knowledgeable people who have good morals. If we have such people, the problems can be solved. Thus, he said that several questions have been formulated: Is there any chance of revising the election law? Is there any chance of holding parliamentary elections in which the people will enjoy full equality based on international standards? This could be a one-man, one-vote election. Is there any chance of getting the people to make a careful decision in electing representatives? What can be done to get the MPs to carry out their duties properly? Should a law be promulgated to require the people to exercise their right to vote? Is there any chance of knowledgeable people who do not have much money winning election? Is there any chance of revising the law in order to lower the voting age to 18?

**Revising the Constitution**

Gen Charuai also asked whether it is possible to pass a law to ensure that the elections are honest and fair. These are the questions that will lead us to democracy. If a law or regulation poses an obstacle, regardless of whether it is the constitution or an election law, it must be revised in order to benefit the people.

"The lesson that we have learned is that we have not succeeded in defeating the CPT because of these obstacles. Thus, if we do not launch this national offensive, it will be difficult to defeat the CPT. I have been talking about principles, not MPs. I have been talking about the principles of the constitution and the election law, which contain loopholes and which can be construed in ways to generate conflicts," said Gen Charuai.

A reporter asked, With respect to the questions posed above, will the military stop staging coups in order to build a perfect democracy? Gen Charuai replied that it is clear that dictatorship, revolution, and coups make it impossible to defeat the CPT. The CPT is waiting for this in order to use this to build its front. Thus, the military will not allow those things to happen. We must prevent dictatorship.

The reporter asked whether he could give a concrete example concerning building real mass sovereignty, such as having an elected prime minister. Gen Charuai said that reporters like to discuss minor matters and look at forms. But the military is talking about the substance. He said that we shouldn't talk about minor matters. We have to talk about the entire system.

The reporter asked whether this will lead to revising the Anticommunist Act. Gen Charuai replied that what he said certainly concerns that. But he said that he didn't want to answer that at this time. He repeated that if we allow the present situation to continue, there will definitely be another war in the future.

When asked whether any time frame has been stipulated for the establishment of real mass sovereignty, Gen Charuai said that this is not the time to discuss the details. He said that they should watch and see what the military does.

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**Prem Said To Oppose Chawalit 1988 Retirement**

42070051a Bangkok LAK THAI in Thai  
5 Nov 87 pp 17, 18

[Unattributed report: "Prem Will Not Allow Big Chiu To Retire Next Year"]

[Text] Gen Chawalit Yongchaiyut, the RTA CINC and supreme commander, has said on countless occasions that he plans to retire from the military next year, that is, in 1988, even though he does not have to retire until 1992. He first announced his intention to retire early just after he was appointed RTA CINC in place of Gen Athit Kamlangek, who was suddenly fired as RTA CINC on 31 May 1986 but who kept his position as supreme commander.

As for why he plans to retire early, Gen Chawalit said that he wants to give younger officers a chance to rise to senior positions in the army. There have been two

reactions to this. Some say that Gen Chawalit has decided to resign from the army because he wants to engage in politics. They think that he wants to resign in order to be the political heir of Gen Prem Tinsulanon, the prime minister. Others feel that he said this in order to reduce the tension in the army at that time but that he really has no intention of resigning.

#### **Insists That He Intends To Resign**

Gen Chawalit has insisted on many occasions that he will request to retire ahead of schedule. He has said that he definitely plans to resign his military positions, including his position as supreme commander, in September 1988. At a special lecture on the role of the military and national development at Songkla Nakharin University, he again said that he plans to retire next year. He emphasized that "if someone asks me to stay on but I don't have the confidence of the people, why should I stay on? When the time comes, I will definitely have to leave...." But what he said was misconstrued. As a result, Gen Chawalit had to issue another statement saying that he definitely intends to resign next year and that he has not changed his mind about retiring.

A news source close to Gen Chawalit told LAK THAI that Big Chiu definitely plans to retire ahead of schedule in order to set an example for younger officers who will rise to the top in the military. He does not want them to become overly concerned about power. There must be change, with younger people who are qualified replacing those now in power. "During the 2 years that he has held the top positions, he has built a foundation for streamlining the army and increasing its efficiency. Once everything is in order, he can resign. The person who succeeds him shouldn't have any problems," said the same news source.

A high-level military news source gave another reason for Gen Chawalit's decision to retire early. He said that Gen Chawalit did not make this decision all by himself. There are also important factors in the army. If Gen Chawalit decided to remain on active duty until he reaches the mandatory retirement age in 1992, that would greatly upset those officers who are in line to become RTA CINC. That would make it very difficult for Gen Chawalit to carry out his duties, because he would not have the cooperation of these officers.

#### **Politics Changes Big Chiu's Plan**

During the period that Gen Chawalit became RTA CINC in 1986, the political situation seemed to indicate that Gen Prem would step down, too. There were indications that he would not remain in office until the end of the term of the 27-July parliament and that he would resign at the end of 1987 or beginning of 1988 at the latest after the celebration of the king's 60th birthday.

But the political situation began to change when Gen Prem clearly indicated that he planned to stay on as prime minister indefinitely. Recently, Gen Prem has been increasing his political and military prestige. As a result, those who thought that Gen Prem was preparing to pass on his political position to Gen Chawalit, who is considered to be very close to Gen Prem and who has served as his right hand in carrying out political and military tasks, have had to change their views completely.

#### **Prem Will Not Allow Chiu To Resign**

In view of the fact that Gen Chawalit has had to abandon all hope of hitting his targets after voluntarily retiring in 1988 and Gen Prem is making new political moves, some people are wondering what Gen Chawalit will do if he does in fact retire. He's too young to sit around idly with his grandchildren. Or he could establish a political party with a policy calling for staging a democratic revolution, developing political unity, and building national ideals. The framework of the political party has already been built. Experts from various fields could join the party, with Gen Chawalit serving as party leader. Fellow classmates and other officers as well as businessmen and scholars who share his ideas could join the party, too.

But now that Gen Prem plans to remain prime minister indefinitely, even though there are new data indicating that powerful people do not want Prem to remain in office (based on an article appearing in issue 297 of LAK THAI), because of the close personal relationship between Gen Chawalit and Gen Prem and because of the lack of unity in the army, which makes it impossible to use military forces to determine political direction, Gen Chawalit cannot replace Gen Prem if Gen Prem is unwilling. Thus, the only other course of action is for Gen Chawalit to remain in his present position in the military.

As for remaining in the army, Gen Chawalit may not be able to do this by himself. Because if he goes back on his word, he will be committing political suicide. His political career would be finished even before it began. In view of this, a group of officers who support Gen Chawalit and who understand what is going on have been circulating a petition among battalion commanders calling on Gen Chawalit to remain in the military. And people involved in mass activities are making preparations to hold mass demonstrations to oppose the resignation of Gen Chawalit and call on him to serve the nation by remaining in his present position. It is thought that this pressure group will be an important force in getting Gen Chawalit to listen to and heed public opinion.

But the person who will play the decisive role in getting Gen Chawalit to agree to remain in the military is Gen Prem. A news source close to Gen Prem told LAK THAI that Gen Prem has told several people close to him that



Gen Chawalit no longer wants to resign next year. "Even if he submits his resignation, Pa [Prem] won't accept it. And so how could he resign?" said the news source about the decision made by Gen Prem. He added that even if an officer submits his resignation, if his superior refuses to accept the resignation, he must remain on active duty. Besides Gen Prem blocking Gen Chawalit's resignation directly (through the minister of defense), there will also be a mass movement against his resigning.

The news source said that the reason why Gen Prem wants Gen Chawalit to remain in the military is that recently, Gen Prem has had conflicts with power groups on several issues. Gen Chawalit has had similar problems with these groups. If Gen Chawalit remains in his present position, he can serve as a buffer against these power groups. Another reason is that Gen Chawalit has always respected Gen Prem and he once served as his aide. Today, there is criticism in the military to the effect that the army has a commander who is an aide to the prime minister. As a result, Gen Prem has great trust in Gen Chawalit.

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#### **General Sunthon Skips Prem Dinner Party**

42070046d Bangkok NAE0 NA in Thai  
17 Oct 87 pp 1, 16

[Unattributed report: "Senior Officers From Three Military Branches Attended Prem Party; George Did Not Attend, Unclear About Reasons"]

[Text] The prime minister gave a party for senior military and police officers. Gen Sunthon Khongsomphong, the chief of staff officers, was busy and did not attend the party. He doesn't know why the prime minister gave this party.

At 1900 hours on 16 October, Gen Prem Tinsulanon, the prime minister, gave a dinner party at his Ban Sisao residence for key military and police generals. Gen Wanchai Ruangtrakun, the deputy RTA CINC, Air Chief Marshal Pruangwit Hongsanant, the assistant RTAF CINC, and Gen Charuai Wongsayan, the army chief of staff, arrived at the prime minister's residence at 1800 hours. They were the first to arrive.

Gen Charuai told reporters that Gen Prem gave this party as a way of congratulating those who had been promoted recently. Because a large number of reporters had assembled outside Gen Prem's residence in an effort to obtain interviews, those attending the party were permitted to drive up to the house instead of having to park outside and walk to the house.

Other officers who arrived later included Air Chief Marshal Phaniang Kantarat, the minister of defense, Gen Prachuap Suntharangkun, the minister of interior, Police Gen Phao Sarasin, the director-general of the

Police Department, Air Chief Marshal Woranat Aphichari, the RTAF CINC, Air Chief Marshal Prathip Koetnawi, the assistant RTAF CINC, Admiral Komut Kamonnawin, the deputy RTN CINC, Admiral Chat Ditbanchong, the navy chief of staff, Admiral Thakao Sisamrut, the commander of the Royal Thai Fleet, Air Chief Marshal Kan Phimanthip, the air force chief of staff, Gen Chawalit Yongchaiyut, the RTA CINC, Admiral Praphat Krutsanachan, the RTN CINC, and Gen Atthaya Phachophanchon, the director of the National Intelligence Office. Gen Sunthon Khongsomphong, the chief of staff officers, and Air Chief Marshal Kaset Rotchananin, the deputy RTAF CINC, did not attend.

That same day, prior to the party, Gen Sunthon Khongsomphong, the chief of staff officers, told reporters that he had informed Gen Prem that he would not be able to attend the party because he had to make preparations to receive the minister of defense on 17 October, who was coming to inspect the mobile development unit in Chom Thong District, Chiang Mai Province. He said that he did not know why Gen Prem was holding this party.

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#### **Commentary on Army Efforts To Change Constitution**

42070053c Bangkok MATICHON in Thai 5 Nov 87 p 6

[Editorial: "Revising the Constitution"]

[Excerpt] Occasionally, certain military officers at all levels have used their influence and power, including both "dark" and "bright" power, to achieve their objectives in changing the constitution. It is unclear whether they have tried to do this in order to develop democracy or to increase the power and prestige of the powerful people in the military. Thus, it seems as if the war materials that are supposed to be used to defend the country and maintain national security have been used to exert pressure to have the constitution changed in accord with the wishes of the military leaders. Certain political soldiers once threatened to conduct "exercises" in order to reach their political goals. This was bad for democracy, and it stained the military, a stain that the military still bears today.

It's good that the army under Gen Chawalit Yongchaiyut, the RTA CINC and supreme commander, has a better understanding of democracy and the democratic process. At the very least, Gen Chawalit has a better understanding than previous RTA CINC's and "square-headed" officers. This is clear from the fact that the military is confining itself to making suggestions and expressing the hope that the problems can be solved. It is allowing the administration and parliament to make the decisions. This shows that they are aware of their position as regular government officials, who are part of the administrative power. They must serve as loyal tools of the government.



As a part of the Ministry of Defense, which is subordinate to the government headed by Gen Prem Tinsulanon, the prime minister, if the army wants to recommend a political offensive in order to defeat the communists by revising undemocratic laws, it should express its ideas through the Ministry of Defense and cabinet so that its plan can become the national policy of the government. The administration can then rely on its majority in parliament to change these laws. This is the right way to do things.

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**Assistant Navy CINC Profiled**

42070050b Bangkok DAILY NEWS in Thai  
2 Nov 87 p 5

[DAILY NEWS Square column by Nanthana: "Admiral Kitti Nakhaket, the assistant RTN CINC"]

[Text] During the recent military reshuffle, Vice Admiral Kitti Nakhaket, the deputy navy chief of staff, was promoted to admiral and appointed assistant RTN CINC effective 1 October 1987.

Admiral Kitti Nakhaket, the new assistant RTN CINC, was born on 10 November 1928 (and will, therefore, retire in 1989). He was born in Bangkok Metropolitan. He graduated from the Navy Preparatory School in 1949, three years ahead of Admiral Praphat Krutsanachan and 1 year ahead of Admiral Komut Kamonnawin and Admiral Chat Ditsathabanchong. After graduating from the Navy Preparatory School, he entered the Naval Officers College. After graduating from this school in 1952, he was commissioned a sublieutenant. In 1960, while on active duty, he attended the Navy Command and General Staff College. In 1974 he attended the Navy War College, and in 1982 he attended the National Defense College.

He held the following important positions: Captain of the Bang Kaeo and aide to Admiral Sawat Phuti-anan, the RTN CINC. At that time, he held the rank of captain. In 1969 he was promoted to rear admiral and appointed deputy commander of the Sattahip Naval Base. In 1986 he was promoted to vice admiral and appointed assistant navy chief of staff for intelligence. One year later, he was appointed deputy navy chief of staff. And on 1 October 1987 he was promoted to admiral and appointed assistant RTN CINC. He will retire in 2 more years.

Admiral Kitti Nakhaket is a very kind and gentle person. He is polite to everyone. At the same time, he has a great sense of responsibility and devotes much attention to his duties. He supervises things very closely.

He is married to a naval officer, Captain Watcharin Nakhaket. They have two children.

He is a professional officer who is not involved in politics.

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**Air Force Intelligence Chief Profiled**

42070050c Bangkok DAILY NEWS in Thai  
9 Nov 87 p 5

[DAILY NEWS Square column by Nanthana: "Air Marshal Roengchai Sanitphan, the assistant air force chief of staff for intelligence"]

[Text] During the recent military reshuffle, Air Vice Marshal Roengchai Sanitphan, the director of the Intelligence Directorate, who had held this position since 1985, was promoted to air marshal and appointed deputy chief of staff for intelligence effective 1 October.

Air Marshal Roengchai was born on 23 April 1936 in Bangkok Metropolitan. He is the eldest child of Cpt Bun and Mrs Sutthanom Sanitphan. His father graduated from military school in 1933 in the same class as Field Marshal Sarit Thanarat and Police Gen Phao Siyanon. Air Marshal Roengchai is the eldest of seven children. His brothers and sisters are Lt Col Duangta Nakhombri-rak, Phakkan Washburn, Wanwara Inthongprasi, Aphiram Phnit-akson, Ramchit Chaowasin, and Dr Nimitchai Sanitphan.

He attended Saint Gabriel School, where he completed lower secondary school. He then transferred to Trium Udom Suksa School in 1951. He has many friends from both these schools. One is Wapi Phromphakdi.

He then entered the Air Force Academy as a member of Class 1, the same class as Air Chief Marshal Woranat Aphichari, Air Chief Marshal Kan Phimanthip, Air Chief Marshal Kaset Rotchanin, and Air Marshal Wira Kitchathon. He took flight training in 1959 and then took the U.S. Air Force fighter aircraft course at Luke Air Force Base in Arizona. He attended the Squadron Officers School in 1968. In 1970 he graduated from the U.S. Air Force Air Command and Staff College in Alabama. He graduated from the Air War College in 1982.

He served as a training officer with the 12th Fighter Squadron, leader of the 11th Air Reconnaissance Squadron, leader of the 13th Tactical Fighter Squadron, and operations officer with the Thai air transport unit attached to UN forces during the Korean War. After that, he served as the deputy commander of the Training Division, Air Force Academy, and deputy commander of the 4th Wing (Takhli). During the period 1979-1982 he served as the assistant air force attache in Bonn, Germany. On his return, he was appointed deputy director of intelligence. He was appointed director of intelligence in 1985. Now, he has been appointed assistant chief of staff for intelligence. He is responsible for air force intelligence, including both offensive and defensive

intelligence activities. His work involves maintaining security, gathering technical information, and foreign diplomatic relations, which requires great care and delicacy.

His hobbies include listening to classical music, reading books, traveling, and playing tennis. But he does not have very much free time these days. He is very busy with his work. At work, his motto is: complete all the tasks assigned, maintain good public relations, don't be stubborn, take responsibility when you have made a mistake and correct the mistake as quickly as possible, don't think that you are always right but listen to the views of others, always respect your fellow workers, and look for ways to develop things.

What he would like to tell the people is that the threat from the enemy is coming closer and closer. Are people aware of this? We should stop fighting among ourselves and stop engaging in improper activities. We should discuss things with each other and build solidarity. If we do, the country will survive for future generations. We must start now. Or are we going to ignore things until it becomes too late?

He has a very happy family life. He is married to Dr Raphin Sukhawanit. They have two daughters and two sons. Their eldest daughter is Sonarat. She is a student in the Faculty of Literature at Chulalongkorn University. Their second child, Anuttra, is a student in the Faculty of Dental Surgery, Chulalongkorn University. The third child, Saran, is a first-year cadet at the Air Force Academy. Their youngest child, Aphit, is in Grade 12.

He is 50 years old. Thus, he will undoubtedly play a major role in the air force in the next 10 years. He has excellent public relations and is very serious about his work.

Looking at members of Air Force Academy Class 1, who now hold important positions in the air force, in terms of age, the new assistant chief of staff for intelligence is one of the youngest members of this class. During the next 9 years, it's thought that he will definitely be promoted to air chief marshal and appointed to higher positions.

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#### **Navy Fleet Operations Chief Profiled**

42070058c Bangkok DAILY NEWS in Thai  
12 Oct 87 p 5

[DAILY NEWS Square column by Nanthana: "Admiral Thaklaeo Sisamrut, the commander of the Operations Fleet"]

[Text] The new commander of the Operations Fleet is Admiral Thaklaeo Sisamrut. He was born on 14 December 1928 (will retire on 30 September 1989). He entered the Naval Academy in 1945, the same class as Admiral

Komut Kamonnawin and Admiral Chat Ditsathabanchong. After graduating from the academy in 1950, he was commissioned a sublieutenant. He was promoted to junior lieutenant in 1953 and lieutenant in 1957. Two years later, he was promoted to lieutenant commander and appointed commander of the Phosamton. He attended the Navy Command and General Staff College in 1960. In 1962 he was promoted to commander. Four years later he was promoted to captain.

He was promoted to rear admiral and appointed director of naval logistics in 1978. In 1983 he was appointed commander of the Mine Flotilla. In 1984 he was appointed deputy chief of staff of the Operations Fleet.

Admiral Thaklaeo was promoted to vice admiral and appointed chief of staff of the Operations Fleet in 1985. One year later, when Admiral Chat Ditsathabanchong was appointed commander of the Operations Fleet, Admiral Thaklaeo was appointed deputy commander of the Operations Fleet. In the recent military reshuffle, Admiral Chat Ditsathabanchong was appointed navy chief of staff. Admiral Thaklaeo, who was second in seniority, was appointed commander of the Operations Fleet in his place.

Admiral Thaklaeo is a very meticulous and capable person. He is one of the navy's talented and knowledgeable people. He attended the Armed Forces Staff College, the Mine Sweeping School in the United States, and the Navy War College. Because he has served in and been responsible for important combat units, there is no reason to worry about national defense. He is married to a fine woman who always keeps his spirits up and who helps carry out work involving the Naval Wives Association and social welfare. They have four children, two sons and two daughters.

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#### **Central Bank Comments on Growth Rate**

42000129c Bangkok BANGKOK POST in English  
21 Nov 87 p 15

[Text] A Bank of Thailand official expects the Thai economy will grow next year but at a lower rate than experienced in 1987.

Bank of Thailand's Economic Research Department director Chaiwat Wibulsawad made the statement yesterday during a seminar entitled "Keep An Eye on Economy'88", organized by the Economic Reporters' Club.

He said that the Thai economic growth rate depended on the trading situation with the United States, Japan and West Germany, noting that the government's policies must be flexible but still focus on export-led growth and investment promotions.

He noted that there were three danger zones to watch for. Rising oil prices, he said could deplete the Oil Stabilisation Fund by the middle of next year.

Secondly, the consumer price index was rising which may create pressure on the Government to introduce some price control measures. "Let us hope that the private sector will make only reasonable price increases so that the Government does not have to introduce regulations."

Lastly, he continued, any increase in the minimum wages should be considered with care so as not to upset productions costs for export manufacturing firms.

Mr Chaiwat expected interest rates to rise next year as liquidity in circulation would be lowered. Loan extension would be expanded by 16-17 percent and a substantial part of which would go to provincial areas.

The baht, he went on to say, may be slightly stronger but its value would still be such that it complements the country's export drive. "The baht may be 2.5 percent stronger against the US dollar but it is 12 percent weaker when compared with yen and Deutchmark."

Deputy Minister for Science, Technology and Energy, Dr Pichit Rattakul, said that real national development efforts must be based on technological progress and self reliance so that Thailand's industries do not have to import so much.

In 1986 Thailand purchased 800 million baht worth of Japanese technology and 400 million baht worth of technology from the United States. "If we cannot produce our own machinery, then there will always be problems ahead," he insisted.

Board of Trade executive secretary Tapan Bunnag warned that the international stock market crash may lead to adverse effects ahead.

In particular, he noted that if stock prices do not rebound within the next three months, there would be a real recession.

If the United States' purchasing power falls, then countries which rely on exports to the United States will suffer, he said. Thailand alone sends 20 percent of its exports, worth about 200,000 million baht, each year to America.

Thai Farmers Bank senior executive vice president M.R. Pradiyadorn Devakul said that Thailand's exports still remain competitive because the value of the baht was falling while the US dollar declined.

He also urged the Government to pay more attention to agro-industries because it affected people at all levels.

/06091

### Government Foreign Reserves

42000131d Bangkok THE NATION in English  
3 Dec 87 p 17

[Article by Vatchara Charoonsantikul: "Government Foreign Reserves To Hit \$5 Billion"]

[Text] Thailand's foreign exchange reserves have swelled to their highest level ever and should cover about five months' imports, according to the Bank of Thailand.

Vijit Supinit, the central bank's director of banking, said yesterday that foreign exchange reserves should rise to about US\$5,000 million by the end of the year. This is an increase of about \$1,200 million over the position at the end of last year.

At the end of 1983 the reserves were only \$2,500 million following the country's disastrous trade deficit of 91,000 million baht.

Vijit said that the improvement was partly the result of appropriate international monetary policies that have given Thailand a balance-of-payments surplus. Despite the troubled dollar and the baht's appreciation, he said, capital flows have remained normal with a net inflow.

He predicted that baht liquidity in the banking system would tighten up as the new exporting season progresses and banks lend more. He noted that in the repurchase market banks had changed from being net investors into net borrowers, taking 1,000 million baht at each of the two daily sessions.

This has strengthened the repurchase interest rates, Vijit said. Average rates were 5 per cent on Friday, and they rose through 5.25 per cent on Monday to 5.3125 yesterday.

One sign that export credit is picking up, he said, is the increase in outstanding use of rediscount facility which is now at 18,000 million baht compared with 15,000 million baht at the end of August.

Since July the Bank of Thailand has made 34,000 million baht available, including 2,200 million baht for rice mills.

This time last year, he said, outstanding rediscount loans rose to 25,000-26,000 million baht and the trend this year is for an even higher figure. The Bank of Thailand is making more available.

Commercial banks will have to turn to the Bank of Thailand more in order to make these loans, he said, as they run down their own liquidity.

Private sector credit has been expanding at an annual rate of 17 per cent, while deposits have been growing at an annual rate of just over 16 per cent, a gap of about 0.5 percentage points, he said.



/06091

**Panel Formed To Sell Government Finance Firms**  
42000129f Bangkok *BANGKOK POST* in English  
4 Dec 87 p 17

[Text] As finance, securities and credit foncier firms under the April 4 life boat scheme will officially be up for grabs, a committee has been set up to handle negotiations with both foreign and domestic financial institutions which want to buy.

It was also agreed that Thananant Finance & Securities Co, a merger of six finance firms under the scheme, will be given more financial assistance to pull it out of the red and make it attractive to foreign financial institutions.

According to Finance Minister Dr Suthee Singsaneh, these decisions were reached yesterday during a meeting to assess the situation of all the firms in the life boat scheme which has been supervised since last year by state-run Krung Thai Bank.

**Meeting**

Attending the meeting chaired by Dr Suthee yesterday were chairman Dr Aran Thammano of the April 4 working group, Bank of Thailand Governor Kamchorn Sathirakul, Deputy Governor Chavalit Thanachan and Assistant Governor Paisal Kumalvisai, the Bank of Thailand's Bank Supervision and Examination Department Director Ekamol Khirawat, the Bank of Thailand's Financial Institution Supervision and Examination Department Director Charoong Nookwan, Permanent Secretary for Finance Dr Panas Simasathien, Fiscal Policy Office Deputy Director-General Nibhat Bhukkanasut and Deputy Finance Minister Dr Supachai Panitchpakdi.

Dr Suthee said after the meeting that further assistance in the form of asset financing was necessary for Thananant as the firm is still suffering losses.

"We have to help Thananant become profitable so as to make it attractive to foreign financial institutions seeking equity participation. If it is still a money-losing operation, nobody will want to be a partner."

The meeting also agreed to extend from December for three months the tenure of Thananant chairman, Mr Nibhat, and managing director Pong Savetsila.

Dr Supachai said it was agreed that a special committee be set up to handle the sales of companies under the April 4 life boat scheme to both foreign and domestic financial institutions.

The committee is made up of Dr Supachai, Mr Charoong, central bank's chief spokesman Siri Garncharoen-dee and Mr Nibhat. It will also work out terms and conditions for those who want to buy into the firms under the scheme.

"There are several foreign banks and finance firms interested in buying into these firms, but no formal negotiations have ever taken place," Dr Supachai said.

"Now that we have the negotiating body, we will invite them to negotiate with us on an official basis. At least four banks—three foreign and one Thai—want to buy into these firms at the moment."

There are now 19 firms in the life boat scheme including Thananant.

/06091

**New Rescue Package for Finance Firms**  
42000131e Bangkok *THE NATION* in English  
4 Dec 87 pp 19, 21

[Text] The Finance Ministry yesterday relaxed ownership limitations for finance companies ailing since near disaster in 1984 so both local and foreign financial institutions can inject much-needed capital.

The decision is widely viewed as an attempt to avert political pressure from the Finance Ministry which earlier promised to settle within five years the financial and managerial problems in firms subject to a rescue package in April, 1984.

Finance Minister Suthee Singhasaneh chaired yesterday's meeting of senior ministry officials and representatives of the Bank of Thailand.

Guidelines were set to permit local and foreign financial institutions to obtain shares in 13 firms still in the scheme. Three are considered to be open to share divestiture and professional management services.

The meeting ruled that interested foreign and local financial institutions must be highly credible and willing to inject sufficient capital to shore up the firms' financial standing.

They must also be willing to share existing burdens as none of the companies has turned to profit and they must provide additional management expertise.

The ministry lifted ownership restrictions for these finance companies above the legal limit of 25 per cent for foreign institutions and 10 per cent for Thai commercial banks.

A committee headed by Deputy Finance Minister Supachai Panitchpakdi was formed to negotiate with financial institutions interested in supporting the ailing firms.



Other members of the negotiating committee are Nibhat Bhukkanasut of the Fiscal Policy Office, Ekamol Kirawatana of the central bank's Bank for Supervision and Examination and Jaroong Nookwan of the Financial Institution Supervision and Examination Department.

Negotiations are said to have already opened with Mitsubishi Bank and Trust of Japan which is interested in holding shares in Thananant Finance and Securities. Thananant chairman, Nibhat, who is also deputy director-general of the Fiscal Policy Office, was asked to stay on for another three months.

Nibhat vowed to resign after the Securities Exchange of Thailand ordered Thananant to contribute to the broker-sponsored Ruam Pathana Fund.

Bank of Thailand Assistant Governor Paisarl Koomalayavisai said financial institutions from Japan, the United States, Britain and France expressed interest in investing in the Thai finance companies. He said each would contribute 100 million baht to the rehabilitation bid.

But the rescue scheme is already entering its fourth year. The Finance Ministry earlier promised the Government and Parliament that these finance companies would recover within five years.

Those at the meeting yesterday were said to be aware of the deadline commitment and the political uncertainties.

Apart from Supachai, Paisarl, Nibhat and Suthee, the central bank Governor, Kamchorn Sathirakul, and his deputies Chavalit Thanachanan and Ekamol attended the meeting.

Also there from the Finance Ministry were Permanent Secretary Panas Simasathien and Director General of the Fiscal Policy Office Aran Thammano.

Central bank representatives also submitted a report of assistance given to local financial institutions in the rescue scheme.

The soft loan portion amounted to 12,365 million baht, of which 11,000 million baht was channelled to the commercial banks.

Asset financing or collateral amounted to 1,345 million baht and capital participation to 2,939 million baht (capital injected into three banks amounted to 3,098 million baht).

The meeting, which focussed on the scope of finance companies, heard a report that of 25 companies initially in the rescue scheme 13 were left, following the sale of five to former shareholders and the merging of nine companies into two.

The newly-established Thananant Finance and Securities Co was formed in the merger of six firms and Sinwattana Finance and Securities Co from three firms.

The 13 companies have total assets of 18,000 million baht excluding soft loans and asset financing but including the capital injection from the authorities. But they still shoulder accumulated losses despite injections since 1984.

The basis of the decision yesterday was that Thananant could cut its debt with the entry of foreign investors.

The company has subsequently been instructed to improve its assets in order to attract investors who may participate in subsequent capital increases if necessary.

According to the plan, local banks including Krung Thai Bank, Bangkok Bank of Commerce, First Bangkok City Bank and Siam City Bank will each hold 10 per cent of Thananant's equity. Foreign investors will be permitted to hold up to 30 per cent.

The company has accumulated losses of 200 million baht and a certain amount of dormant assets.

Supachai said there are three finance firms in which foreign financial institutions have expressed interest. "We will negotiate in order to minimize the financial burden of the state," he added.

The government earlier released the ailing finance subsidiary of the PSA Group to Australian Guarantee Corp Ltd which now holds 80 per cent of the equity.

The Fund for Rehabilitation and Development of Financial Institutions has taken up the remaining shares in the company renamed A.G.C. Finance Co. The company received a soft loan of 50 million baht from the central bank.

Australian executives of A.G.C. said earlier that the recovery of doubtful debts brought about by the former management was taking longer than anticipated but they were happy with progress.

Suthee also said that the state-owned Krung Thai Bank will increase capital by 1,250 million baht this month and a similar amount in the first quarter of next year to maintain its financial balance.

The minister said the bank has to increase capital quickly in order to support the monetary policy of the central bank. The bank will also stop accrued interest rate practices.

### Hike in 1987 Export Values Seen

42000131a Bangkok THE NATION in English  
16 Nov 87 p 18

[Text] Thailand's exports this year are expected to reach 280,000 million baht, a 20-per-cent increase from 233,178 million baht of the previous year, according to the Board of Trade Bulletin.

But for next year, the export value is predicted to grow only about 10 per cent to the amount of 310,000 million baht mainly due to stiff competition in international trade, especially in big markets for Thai exports such as the United States, the European Economic Community (EEC) and Japan.

Moreover, the severe drought in the middle of this year will pose adverse impacts on Thai agro-industries next year as agricultural produces to be used as raw materials will become scarce. As a result, the export of agro-industrial products will decline.

For this year, the depreciation of Thai baht against most major currencies, except US dollar, also contributes to the high export value. Textiles and various industrial products, including agro-industrial, have earned high foreign exchanges for the country.

The following is the performances and prospects of some products as reported by the Bulletin.

**Tapioca:** Tapioca export this year is expected to reach 6,500,000 tons worth 20,780 million baht, a slight increase from last year due to the higher export quota of tapioca pellets to the EEC. The average export price of tapioca is 3,197 baht per ton, higher than the previous year. For next year, tapioca export is predicted to go up slightly, but its price will decline due to the rise in local supply and the lower prices of its substitute products.

**Rubber:** The export of rubber this year will total about 825,000 tons valued at 18,000 million baht, compared with 760,857 tons at 15,116 million baht last year. The demand for rubber in the world market rises as a result of the economic recovery of most industrialized countries. Thailand's rubber export will continue to do well next year, especially concentrated rubber used as raw materials for condoms and some medical supplies.

**Rice:** Thailand is expected to export 4.2 million tons of rice worth 20,895 million baht this year. But the severe drought this year will result in lower rice production next year, causing the rice export to go down as well. However, the average export price of rice will increase from 4,975 baht to 5,500 baht per ton.

**Frozen Chicken:** The export of the product this year is predicted to be 90,000 tons valued at 4,300 million baht, compared with 64,796 tons at 3,121 million baht last year. The important market for Thai frozen chicken

export is Japan whose currency's appreciation is also beneficial to Thai export. For next year, frozen chicken export will continue to go up both in volume and in value.

**Maize:** The maize export is expected to decline from 3,981,441 tons worth 9,176 million baht last year to 1,700,000 tons worth 4,000 million baht this year because of the severe drought. The maize situation next year will not be much different from this year.

**Textiles:** Thai textile exporters are faced with protectionist measures imposed by the United States. But in other countries, especially Japan, there are no such measures, thus, Thai exporters are advised to improve their products to meet the demand of these markets. Textile export this year is expected to amount to 42,045 million baht, compared with 30,502 million baht last year.

**Jewelry:** The export of jewelry is predicted to reach 18,500 million baht this year, a 42-per-cent increase from the previous year.

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### Rice Exports Expected To Decline

42000130e Bangkok THE NATION in English  
13 Nov 87 p 2

[Text] The rice exports next year will likely drop to just 2.6 million tons—the lowest level in this decade and a 35 per cent decrease from this year's predicted total of 4 million tons, according to the Bank of Thailand.

However, the rice price in the world market next year is expected to rise in the wake of a worldwide 3.5 per cent decline in rice output, which will reduce the rice supply to 448 million tons.

Against this background, the Committee on Rice Policy and Measures yesterday approved a set of measures designed to help rice millers and traders, as well as farmers.

Money for soft loans to rice millers and traders will be drawn from pool of about 34 billion baht that the Bank of Thailand has allocated to commercial banks for lending to all major economic sectors. About 20 billion baht is lent out, mostly to exporters.

No additional funds will be set aside for lending to rice millers and traders.

The soft loans will be extended through rediscount facilities, but the interest rate has been increased from 3 per cent to 7 per cent. The principal must not exceed 60 per cent of the value of paddy bought by each rice miller or trader. And the repayment term is three months.

The lending programme will begin Monday and end June 16, 1988.

The national committee also decided to let the Bank for Agriculture and Agricultural Cooperatives resume its rice-pawning programme on January 1, 1988. No specific amount has been set for this programme. In 1986/87, about 5 billion baht was used in extending soft loans to farmers who put their paddy stock as collateral.

The Bank of Thailand has declined to raise new money for these soft-loan programmes for fear of fuelling inflation. The national committee yesterday took note that the money supply (M2) has increased by 17-18 per cent and the imports have increased by 25 per cent this year.

The Bank of Thailand estimated that about 2 billion baht will be lent in the soft-loan programme for rice millers and traders.

However, the Rice Millers Association has said 3 billion baht will be needed.

The association also wants to make repayment terms renewable.

Siri Karncharoendee, director of the Bank of Thailand's Office of the Governor, reported that the predicted world rice output of 448 million tons next year will represent a 35 per cent decrease from this year.

In India, the output will drop by 18 per cent; in Pakistan and Thailand, 8 per cent; in the US, 5 per cent; and in Bangladesh, 7 per cent.

The decrease in the world rice output will force the rice price to rise next year, Siri noted.

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## POLITICAL

### Party Membership Stagnates at Many Industrial Enterprises

42090060c Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 29 Oct 87 p 1

[Text] Since the start of the year, the basic organizations of the party subordinate to the Industrial Service's party organization have accepted 86 new party members, 34 of whom are women and 41 of whom are direct production workers. The Industrial Service, the Electric Motor Enterprise, the Leather Shoe Enterprise, the Cuu Long Jute Enterprise and the Household Utensils Enterprise are units that have accepted four or more new party members. However, 42 of the 72 basic organizations of the party have not developed the party since the start of the year. The office of the Sewing Federation, the office of the Rubber Federation, the office of the Bicycle Federation, the Food Products Enterprise, the Power Tool Enterprise and other enterprises have not accepted one new party member since the start of the year even though they are places that have many party members and relatively abundant sources of prospective party members.

In recent months, the Industrial Service's party organization took disciplinary action against nine party members who committed mistakes, of whom three were reprimanded, three were warned, one had his name stricken from party roles and two were expelled.

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## MILITARY

### Regulations Concerning Army Deserters

42090058a Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 24 Oct 87 p 2

[Article in the column "Answers to Readers": "Discipline Vis-A-Vis Deserters and Rights When Performing the Task of Building the Economy and National Defense"]

[Text] SAIGON GIAI PHONG newspaper recently passed a letter to the Municipal Military Committee from a number of men and women who are now serving at the Nguyen Van Troi Assault Youth Construction and Installation Enterprise (Assault Youth General Unit No 5). The text expressed the case of men and women who are army deserters forced into concentrated labor and afterwards transferred into economic-national defense labor. How long must they serve and, at the expiration of their tour, what rights do they enjoy? After study, the Municipal Military Committee answered as follows:

Period of Compulsory Labor for Army Deserters

According to Council of Ministers' Decision No 191/CP, dated 23 June 1980, the Ministry of National Defense's Circular 25/TT-QP, dated 27 June 1980, and the Municipal Military Committee's Instruction No 207/HD, dated 15 July 1986, desertion will be dealt with by a period of compulsory labor as follows:

1) For military personnel who joined the army prior to 1981 who desert, whether the period of compulsory labor is considerable or small depends on the period of continuous service in the ranks of the army. Specifically, if there has been continuous service of 36 months or more, compulsory labor is 6 months; from 24 months to under 36 months, compulsory labor is 12 months; from 12 months to under 24 months, compulsory labor is 24 months; from under 12 months on down, compulsory labor is 36 months.

2) For military personnel who joined the army between 1982 and the first drive of 1985 who desert, the period of compulsory labor is:

— If in service under 1 year, the period of compulsory labor is equivalent to the period of service stipulated for each subject in Article 14, Chapter II, Military Obligation Law.

— If in service over 1 year, the period of compulsory labor is equivalent to the period of service stipulated for each subject, excluding the period already served.

After ending the period of compulsory labor, the chairman of the precinct or district people's committee issues the decision: completed the period of compulsory labor, permit household reregistration and enjoyment of rights, fulfilling obligations as every other citizen (still perform military obligation and ready to join the army when ordered).

Period and Rights When Performing Task of Building the Economy and National Defense

If men and women transfer to perform the task of building the economy and national defense, then according to Decision No 156/QD-UB, dated 11 July 1985, and the municipal people's committee's official letter no 3675/UB, dated 2 December 1985, which gives guidance on implementing Decision No 156, stipulates the period and the rights when performing the task of building the economy and national defense, as follows:

1) The period of labor is 3 years and may be extended in the following circumstances:

a) If specialized and technical professional training is received during the work period, the term of service may be extended an additional year.

b) If there has been discipline or desertion during the work period, the disciplinary period and period of desertion are not figured as the continuous period of work. Instead, an additional period must be served which is equal to the disciplinary period and period of desertion.



2) Rights:

a) Period in service:

— Youths who go to perform the task of building the economy and national defense not falling into the compulsory labor category according to the Council of Ministers' Decision No 191/CP, dated 23 June 1980, will enjoy during the period of labor the systems and policies as pertain to the municipal assault youth force.

— During a period of service of at least 1 year, if one volunteers for long-term service in assault youth force units then is accepted, if one meets conditions and is placed on state rolls, is deployed or put into specialized technical training consistent with his qualifications and capabilities, or if one requests to settle in work sites, state farms, or state forests, then he is transferred to be a worker and receives all the systems and policies in accordance with state stipulations in effect like families that go to build the new economy.

b) Youths who oppose the order to go perform the task of building the economy and national defense, or desert or breach discipline in the period of service, if after the unit's and locality's period of motivation and indoctrination they still do not return to the unit or are reviewed and sent back to the locality, they will be tried according to the obligation law, the state stipulation in effect, and related assault youth regulations.

c) After expiration of the prescribed labor:

— Will receive priority for entry onto state rolls to serve as a worker at work sites, state farms, state forests, corporations, and enterprises now assigned. If one has many achievements, he will receive training in domestic and foreign schools and, if there are aspirations to return to the city, he will be approved for reentry on the household registration of his normal residency before he went to perform the task of building the economy and national defense, and will be considered as having completed his obligation for service in the standing military, will be registered as a reserve soldier at the location of residency as stipulated in Article 35 of the Military Obligation Law.

— Youths who fall into the category of having been dealt with according to Decision No 191/CP of 23 June 1980, do not enjoy the system of rights as above, this being regarded as a form of administrative punishment for the act of violating the Military Obligation Law. After the stipulated period of labor, these youths still must perform their service obligation if they still meet conditions for being called up for active service.

ECONOMIC

**Agriculture Minister Reports Low 1987 Grain Harvest**

42090071a Hanoi NONG NGHIEP in Vietnamese  
5 Nov 87 p 3

[Report by NONG NGHIEP correspondent: "At Minister's Press Conference, Afternoon of 24 October 1987: Grain Situation To Remain Unstable in Near Future; Policy Nature Model Appears; Sufficient Fertilizer for 1987-1988 Winter-Spring Production Season"]

[Text] On the afternoon of 24 October 1987 at the office of the Ministry of Agriculture and Food Industry, Minister Nguyen Cong Tan held a press conference to review the agricultural production situation for 1987 and the policies and methods for directing the 1987-1988 winter-spring season. Many newspaper, radio and television reporters attended the conference.

Concerning the agricultural production situation for 1987, the minister stated that data is still insufficient for an accurate evaluation but the total annual output is estimated at about 17.5 million tons, a drop of about 800,000 tons from 1986. Both strategic rice regions suffered a decline. A serious loss in the winter-spring crop occurred in the north but the south had a bumper crop; and while the 10th-month crop was successful in the north, heavy losses were suffered by the south. Only Region 5 (from Quang Nam-Da Nang down to Thuan Hai) was successful in all three crops. Due to the decline in the 1987 total grain output and the state's policy of restricting grain imports, within the state area, many localities were forced to incur grain standard debts for the months of July, August and September.

The grain situation to this time remains unstable due to the after effects of 1987. Therefore, the problem posed is to place high concentration on winter crop production, and to introduce products from the winter crop to the diet structure; while simultaneously striving for a successful 1987-1988 winter-spring season in all three aspects: area, yield and output.

Within the present overall background, complex changes are occurring in agricultural production but a model with a policy nature has appeared. It is Hop Thinh Cooperative in Tam Dao District of Vinh Phu Province. For 5 successive years, the cooperative has achieved successful harvests. The primary reason is a crop structure for changing the winter crop to one of primary production. During the winter of 1987, the cooperative planted 82 percent of the rice plot area, primarily in corn. Dan Phuong District (in Hanoi), also a point worthy of attention, harvested an annual 14 tons of paddy per hectare (two rice crops for 10 tons and 4 tons from the winter crop).

The 1987-1988 winter-spring production season is decisive in achieving the objective of an annual total output for the entire nation of 19.5 million tons of

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grain. Therefore, the state has exerted every effort to supply sufficient fertilizer for the 1987-1988 winter-spring season. A quantity of fertilizer is presently being transported to the local areas.

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25 Feb 1988